

# ANALYZING VALUE FORMATION BETWEEN GUESTS AND HOSTS IN AIRBNB

Online content analysis of the demand side's reviews

Master's Thesis  
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**Abstract**

This study aims to analyze how value is formed by the guests and hosts in the Airbnb settings. Airbnb is a famous peer-to-peer sharing platform in the travel industry. Airbnb connects the hosts - people who have vacant and idle housing resources, with the guests - travelers who want to experience the feeling of “being local” and also achieve other values. Airbnb acts as a platform to facilitate value formation but the formation depends on several conditions.

First, there should be a presence of operant and operand resources. Operant resources are intangible, for example, the hosts’ communication skills, operational skills, destination knowledge, or responsiveness. Operand resources are tangible, for example, towels, Wi-Fi, food, free beverages. The two resources should be at a balanced level.

Second, the resources should be integrated through interactional social practices. The resources themselves cannot create value. They must be utilized before, during, and after the service encounter between the hosts and the guests. The congruency level of how the guests and the hosts interact will define how value is formed.

Third, because human interaction can be both matching and mismatching, values will not always be co-created. When the social practices between the hosts and the guests are incongruent, values will be co-destroyed. However, after that, if the interaction becomes matching again, values can be co-recovered. On the other hand, if values are co-created by congruent social practices but after that the interaction becomes mismatching, values will be co-reducing.

By analyzing the Airbnb guests’ online content reviews, this thesis can identify which social practices are dominant in the Airbnb settings, the operant and operand resources that are integrated by the hosts and the guests, and how values are formed. A theoretical framework will be presented and also several practical recommendations will be discussed.

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**Keywords** platform, sharing economy, collaborative consumption, Service-Dominant Logic, social practice theory, value proposition, value formation, value co-creation, value co-destruction, value co-reducing, value co-recovering, framework, Airbnb, travel industry

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## 1 Introduction

Sharing economy and collaborative consumption are developing at a rapid rate and becoming more common in our daily life. Getting into a stranger's car or staying in a stranger's house is no longer abnormal. The interest in the sharing economy phenomenon also exists in the literature body. Scholars have researched platforms with focal points on strategy, economics, product development with the platform owners at the center of the ecosystem (Constantiou, Eaton, & Tuunainen, 2016). The research agenda has been under influence of either economic theory or engineering design (Gawer, 2014). There is still a lack of research on value proposition among platform participations, with a central theme on platform users, especially value co-creation and co-destruction between the demand side and the supply side (Camilleri & Neuhofer, 2017). Besides, platform researchers are interested in understanding how to solve the chicken-and-egg problem and to employ network effects to ascertain platform domination (Constantiou et al., 2016). I believe that investigating value propositions to identify which sides are looking for what value can be extremely beneficial to bring more knowledge to the literature body regarding network effects harness and solutions to the famous chicken-and-egg problem.

This thesis aspires to provide knowledge about what value propositions the consumers are seeking, and how to co-create more values and strengthen the producers' service offerings. I hope to create a framework for businesses and producers operating in the sharing accommodation and sharing economy in general, to reinforce best practices, increase value co-creation, and prevent value co-destruction. Besides, the traditional accommodation industry can gain insights to compete with the new sharing accommodation industry.

I also have a strong personal motivation in this topic because I have been working in several marketplace platforms and sharing platform startups for some years. The puzzle of reaching a sustainable business is perplexing yet inspiring to me. Based on my practical knowledge and theoretical literature, I believe that value propositions are one of the core components to build a sustainable and scalable platform business. This thesis work hopefully can contribute to not only the literature body, but also the real-world practices, and my work.



## 1.1 Case study selection

Most of the platforms arbitrate transactions between two sides: the supply/producer side, and the demand/consumer side; to be successful, a platform should have appealing and scalable strategies to get both the demand side and supply side involved (Rochet & Tirole, 2014). Airbnb is an accommodation platform that facilitates online-to-offline accommodation reservation and usage between the host side who owns the housing, and the guest side who demands a place to stay.

In 2017, Bhardwaj, Gautam, & Pahwa conducted a sentiment analysis based on Twitter data. They found that Airbnb was the most trustworthy platform in the travel industry. Airbnb was also the most favorite platform that travelers sought information and inspiration nowadays. As a result, I firmly believe that Airbnb is an excellent case study that could provide an in-depth analysis of my thesis. Furthermore, Airbnb data is publicly accessible via a website called “insideairbnb.com”, which eases my data collection process. I was able to quickly collect Airbnb data such as the review content, the name of guests and hosts, the date, and the location.

## 1.2 Aims of the thesis

The purpose of this research is to extend the preceding literature study conducted in the field of the platform and sharing economy, value formation, and practice theory. To investigate the research problems, I used three existing theoretical frameworks: (1) the practice-based theory (Bourdieu, 1977), (2) the Service-Dominant Logic framework (Vargo & Lusch, 2008), and (3) the interactive value formation framework (Echeverri & Skålén, 2011). My thesis posits three main research questions (RQ):

**RQ1.** What are the social practices that facilitate value formation between the demand side and the supply side in Airbnb settings?

**RQ2.** What are the operant and operand resources that the supply side utilizes to form value with the demand side in Airbnb settings?

**RQ3.** What are the most significant social practices and resources that lead to each type of value formation (co-creation, co-recovery, co-destruction, and co-reducing)?

This thesis has two main components: the literature review and my research work. The objective of the literature review is to explore current research on platform typologies,

collaborative consumption, service-dominant logic, value propositions and formation, and social interactional practice theory. This part serves as a foundation for my research and its results and equips me and the readers with some background knowledge to understand this thesis's results more easily.

After the literature review, I will present my research work. Its first purpose is to discover social practices that Airbnb guests and hosts draw on to interact with each other. By doing that, I hope to contribute to the literature body as well as to support the platform owner and the supply side agents to increase value co-creation and co-recovery, while preventing value co-destruction and avoiding value co-reducing. The second objective is to validate if Airbnb settings happen all the four types of value formation from Echeverri & Skålén, 2011's research, and the theoretical framework. Most studies conducted about value co-creation only and neglected other types of value formation such as value co-destruction, value co-recovery, and value co-reducing (Echeverri & Skålén, 2011). The third goal is to explore when each type of value formation happens most prominently: before guest-host the encounter, during the encounter, or after the encounter.

Echeverri & Skålén, 2011 states that incongruent social practices lead to value co-destruction while congruent practices drive value co-creation, and mixed cases cause value co-reducing and value co-recovery. In this thesis' empirical part, I also aim to validate this statement by analyzing the review data from Airbnb. Besides, according to Camilleri & Neuhofer, 2017, value co-creation is the most noticeable value formation type in their data set. My thesis aims to identify which value formation is the most prominent from my data set, given the fact that the geographical setting is different.

Another goal of my thesis is to discover what are the most dominant social practices that trigger each type of value formation. Camilleri & Neuhofer, 2017 reveals that each value formation has a significant cause. For example, value co-destruction is mainly caused by negligence from the host's side which could have been avoided such as miscommunication, not giving proper instructions, or neglecting to provide the resources promised. It is also interesting to know if the practices that lead to value co-destruction are more accidental or more intentional. Besides, value co-reducing's major drive is the host's inability to solve problems for guests and the host's unhappy feelings toward misunderstandings. On the other

hand, value co-recovery is driven by compensation, offer solutions, fixing, replacing resources, explaining misunderstandings by hosts, who can act as value-recovers.

Last but not least, after finding the results, I hope to create a theoretical framework that Airbnb hosts and other types of accommodation services can apply to bring more value to the consumers.

In summary, there are five main goals that I want to achieve with this thesis:

1. Discover the **operant and operand resources** (intangible resources and tangible resources) which the Airbnb guests strongly prefer
2. Discover **social practices** (interpersonal interaction skills) that the Airbnb guests and hosts draw on to interact with each other
3. **Validate** if in the Airbnb settings happen all the **four types of value formation** (value co-creation, value co-destruction, value co-recovery, and value co-reducing) and identify which **value formation** is the most **prominent**
4. Discover what are the **most dominant social practices** that trigger each type of **value formation**
5. Create a **theoretical framework** that Airbnb hosts and other types of accommodation services can apply to bring more values to the consumers.

## 2 Literature Review

This chapter's goal is to describe the fundamental concepts of this thesis work. I will present the readers with the definition of platform and its typologies, the sharing economy, and collaborative consumption. This can give a solid understanding of the Airbnb platform's characteristics. After that, I will describe three key terminologies: the service-dominant logic, the social interactional practice theory, and the value formation and propositions.

### 2.1 Platform

In this section, I will provide the definition and typology of the platform and a phenomenon called "platform network effects". It is critical to have background knowledge about the platform business in which the thesis's case company is operating. By understanding what a platform is, the type of platform, and also the network effect, we can later understand why Airbnb as a sharing platform can facilitate value formation between the guests and the hosts.

#### 2.1.1 Platform definition and typology

The definition and typology of the platform have been researched extensively and thoroughly. A platform comprises of numerous platform users who perform transaction under direct and/or indirect network effects; there is often one or many mediators that assist users' transactions and interactions (Eisenmann, Parker, & Van Alstyne, 2009). Eisenmann et al., 2009 also describe the platform role as (1) to arbitrate transactions between various platform users or (2) to provide shared common components on which platform users can build a variety of products. According to Eisenmann et al., 2009 various distinguished roles in platforms are (1) demand-side, (2) supply-side, (3) providers, (4) sponsors. The demand side consumes or uses the Compliments provided by the supply side. The providers act as a bridge between the users (demand side and supply side) and the platform itself. And the sponsors own the platform's property rights and the responsibility to develop the technology and to decide who can use the platform. Based on the sponsor role and the provider role Eisenmann et al., 2009 outlines four types of platforms. The proprietary platform has only one provider and one sponsor, while the joint venture platform has one provider and many sponsors. The licensing platform and the shared platform both have several providers, but there is only one sponsor who grants the license to multiple providers in the licensing platform. The shared platform, on the other hand, has numerous sponsors. The case platform in this thesis, Airbnb, can be characterized as a proprietary platform mediating transaction

between two sides – guest and host and is completely owned and operated by a single company. Table 1 below will depict the typology of the platform.

*Table 1. Models for Organizing Platforms (Eisenmann et al., 2009)*

		Provider Role (providing the platform)	
		One provider	Many providers
Sponsor role (Control the platform technology)	One sponsor	Proprietary iOS, Airbnb	Licensing Android
	Many sponsors	Joint Venture Orbitz	Shared Linux

Gawer, 2014 mentions that from the economics perspective, a platform is defined as a unique type of marketplace that facilitates the exchange between distinctive kinds of platform users who are not able to transact with each other otherwise. Platform can also be characterized by its number of user side: one-sided, two-sided, or multi-sided (Gawer, 2014). Eisenmann et al., 2009 points out that a one-sided platform is where all the platform users are identical, such as an email or messages platform. A two-sided and multi-sided platform, on the other hand, is where platform users can only play one role at a time and constantly play that role in transactions (Eisenmann et al., 2009). For example, a user can be a rider but not a driver simultaneously, and often a user will act in the driver role consistently. A two-sided platform typically involves two distinguished user groups interacting with each other (Eisenmann et al., 2009). A multi-sided platform facilitates more than two user roles. For instance, Facebook has readers, content creators – individual and organization, ads publishers, and payment processors all transacting with each other to a certain extent. In Table 2 below, the three different platform types: Internal Platform, Supply-chain Platform, and Industry Platform will be described.

*Table 2. A classification of technological platforms (Gawer, 2014)*

Platform type	Internal Platform	Supply-chain Platform	Industry Platform
Level	Firm	Supply-chain	Industry ecosystems

Platform users	One firm and firm's sub-units	Assembler and Suppliers	Platform leader and Complementors
Technological architecture	Modular design with a core and periphery		
Interfaces	Closed	Selectively open	Open
Accessible innovative capabilities	Firm capabilities	Supply-chain's capabilities	Potentially unlimited pool of external capabilities
Coordination mechanisms	Authority through a managerial hierarchy	Contractual relations between supply-chain member organizations	Ecosystem governance
Example	Airbnb	Drive Now	iOS, Android, Linux

### 2.1.2 Platform network effects

Platform network effects are an imperative concept that can drive the success or failure of one platform. Network effects will happen when the platform surpasses a milestone and solves its unique chicken-and-egg problems. The chicken-and-egg problems are famously known in the platform business as a critical make-or-break issue. According to Constantiou et al., 2016, this problem happens when no platform user group wants to commit to the platform before seeing the other side committed; the demand side wants to see enough users coming from the supply side, and the suppliers want to see a sufficient demand level. Therefore, innovators and early adopters are essentially important to establish the early critical mass and enable the platform survival under the chicken-and-egg problem.

The network effects can be the same side or cross side, and positive or negative. To succeed platform should accumulate strong and positive network effects (Constantiou et al., 2016). Constantiou et al., 2016 defines network effects as a phenomenon where the platform's value grows when the total amount of users significantly increases. The same side or direct network effects happen when the benefit of one user group significantly depends on the size of that group. For example, the network of messaging or telephone has direct network effects. On the other hand, cross-side or indirect network effects happen when the benefit of one platform user group largely depends on the size of the other platform user

group. (Gawer, 2014). Gawer, 2014 also proposes two concepts that represent network effects. The same side network effects comprise demand-side economies of scale while the cross-side network effect includes demand-side economies of scope. Demand-side economies of scope in production occur when there is systematic and effective re-use of modules across distinguished products within the same product category. Demand-side economies of scope in innovation are defined by Gawer, 2014 as when the cost of innovating different products independently is reduced significantly if those products are innovating altogether.

## **2.2 Sharing economy and collaborative consumption**

The following sections will describe the sharing economy and collaborative consumption in which the case study Airbnb belongs. These sections will answer what is sharing economy and collaborative consumption, what type of sharing economy and collaborative consumption Airbnb is, and why people join the sharing economy and collaborative consumption.

The term “sharing economy” has been gaining both public media and academic researchers’ attention lately. However providing a clear and widely satisfying definition of this phenomenon to present its common usage is not easy (Schor, 2016). To better understand the term “sharing economy”, Schor (2016) identified four distinct categories that might be subsumed under this phenomenon: (1) recirculation of goods, (2) augmented use of durable resources, (3) exchange of services, and (4) sharing of resources. Historically, the term “sharing economy” can be traced back to 1995 when eBay and Craigslist were established. They were two popular marketplaces for recirculation of goods and encouraged the launch of numerous related sites with recirculation of apparel, books, toys, furniture, equipment, and many other “thick” and “thin” demand goods (Schor, 2016). The second category of the “sharing economy” that Schor (2016) described is the intensive usage of durable goods and assets. Those products are not used with full capacity for example spare rooms, houses, cars, and other tools. Good illustrations of this category are Uber, Lyft, Grab, Couchsurfing, and Airbnb. The third classification is service exchange and Task Rabbit is a famous example of this type. This type of platform was rooted in the 1980s in the United States, with a concept called “time banking” for the unemployed to trade services based on time spent (Schor, 2016). The fourth kind of the “sharing economy” is asset sharing for production, rather than consumption (Schor, 2016). Schor (2016) categorized co-working

spaces, hacking sessions, educational platforms, and peer-to-peer university as “asset/ skills sharing” to enable more value creation instead of consumption like these other three categories.

Schor (2016) also gave another dimension to look at the sharing economy: the difference between the type of provider and platform orientation. Service providers in the sharing economy can either be Peer to Peer or Business to Peer, and the platform can orient to be Non-Profit or For-Profit (Schor, 2016). The case study of this thesis, Airbnb, is categorized as a Peer to Peer, For-Profit, and sharing durable assets’ capacity type of the sharing economy under Schor (2016)’s classification.

Collaborative consumption (CC) is studied by Hamari et al. (2016) as a “technological phenomenon”, positioned in the sharing economy. According to Hamari et al. (2016), CC is the activities of receiving, giving, and sharing access to products and services. They are enabled by information and communications technologies and usually coordinated by community-based online services (Hamari et al., 2016).

Hamari et al. (2016) showed that CC platforms could be categorized into two groups: access over ownership and transfer of ownership. Airbnb, the case study in this thesis, is characterized as an access-over-ownership CC platform. The platform facilitates users to provide and rent out their accommodations to other users for a short period. Otherwise, users in transfer-of-ownership CC platforms get and receive ownership of goods and services by swapping, donating, and purchasing (Hamari et al., 2016).

According to Hamari et al. (2016), CC participants’ attitude toward the phenomena is strongly influenced by intrinsic motivations, yet continuous use intentions are prominently affected by extrinsic motivations as well as enjoyment from the activity. Therefore the guests and hosts in Airbnb settings may continue to use the service because it is “*fun and provides a meaningful way to interact with other members of the community*” (Hamari et al., 2016). As also noted by Schor (2016) participants in the sharing economy are motivated by multiple reasons such as the trendiness and popularity of the concept, cost-effectiveness, environmental positive impacts (e.g. reducing carbon footprints), social relationship, and ideological drive. Extrinsic motivations for Airbnb participants can be cost-effectiveness for the guests and additional income stream for the hosts. Besides social relationships,



experience, and the enjoyment of the interpersonal interaction may be other great drives for Airbnb participants to continue using the platform.

### 2.3 Service-Dominant Logic

In order to understand why Airbnb can be a foundational setting where value formation happens, I believe service-dominant logic is a robust theoretical framework that I can use to explore the topic. Since 2004 when Vargo and Lusch first published their research on service-dominant (S-D) Logic in “Evolving to a New Dominant Logic for Marketing”, the concept has become widely adopted, studied, and inquired (Vargo & Lusch, 2008). It is not surprising that a service-centered perspective is no longer an unfamiliar concept in the current experience economy. However, Vargo & Lusch (2004) pointed out that hundreds of years ago our economy was aligned around goods and physical products, and resources were treated as static and to be captured “stuff”. A fundamental shift in this view only happened over the past 70 years. Resources have been viewed as both tangible and intangible, and as the dynamic functions of our knowledge and skills, and therefore resources are not fixed (Vargo & Lusch, 2004).

Commenting on the difference between the goods-centered view and the service-centered view, Vargo & Lusch (2004) argues that all the differences are positioned on the dissimilarity between operand and operant resources. Besides, Vargo & Lusch (2004) presents the two dominant logics as followed:

Goods-centered dominant logic	Service-centered dominant logic
The firms focus on creating and supplying tangible things (operand resources).	The firms concentrate on applying their core capabilities, knowledge, and skills to create and maintain their competitive advantage.
The production and distribution processes must increase the value and functionality of tangible things.	The value of these capabilities should be addressed by identifying potential customers.
To maximize profit, firms need to standardize the process of producing and distributing these tangible things.	To maximize the profit, the firms need to build relationships with the customers and

	to customize the capabilities to meet customers' specific needs.
The firms can store tangible things until the customers demand.	The firms cannot store their capabilities, but they can improve their offering by analyzing marketplace feedback and financial performance.

*Table 3. Comparison between Goods-centered and Service-centered logic - Adapted from Vargo & Lusch (2004)*

According to Vargo & Lusch (2008), there are 3 core concepts of S-D logic. The first concept notes that the foundational basis of exchange is service, instead of tangible goods. The second notion describes that “service is exchanged for service”, and the third notion states that the customer always co-creates value (Vargo & Lusch, 2008). In our case of peer-to-peer accommodation sharing, S-D logic shines a light on what is exchanged in this context. The hosts do not just provide tangible places without any intangible services. They supply a chain of accommodating services from the end-to-end of the guests' journey. Moreover, to the hosts, the guests also give back their knowledge and information in a vast array of interpersonal interactions. Not only the hosts are the only side that creates value, the guests – the customers, also co-create value, for example in form of positive reviews and applause to the host.

Vargo & Lusch, 2008 also provides an updated set of S-D logic's foundational premises (FP) which is originally presented in the “Evolving to a New Dominant Logic for Marketing” article. The 10 foundational premises of S-D logic are:

*Table 4. Foundational Premises of the Service-Dominant Logic and its application to Airbnb - Adapted from Vargo & Lusch (2008)*

FPS	Foundational Premises	Explanation	Application to study case
FP1	Service is the fundamental basis of exchange	Service is the application of operant resources (knowledge and skills). Service is exchanged for service.	Operant resources that hosts could provide are hospitality skills, information about the accommodation, the city, nearby points of interest...

FP2	Indirect exchange masks the fundamental basis of exchange	The complicated combinations of goods, money, and organizations cover the clear appearance of service as the basis of exchange	In Airbnb settings, the combination of accommodations, their price, and their surrounding attributes cover the clear appearance of service exchanged between hosts and guests.
FP3	Goods are a distribution mechanism for service provision	Both durable and non-durable goods develop their value through usage and service they provide	Accommodations, their price, and their surrounding attributes are only a mechanism to provide hosts' service and bring experience to guests.
FP4	Operant resources are the fundamental source of competitive advantage	Operant resources are represented by knowledge and skills. They are at the core of the suppliers' advantage over competitors	In many cases, hosts' operant resources such as hospitality skills bring great competitive advantage and attract numerous positive reviews.
FP5	All economies are service economies	Service (singular form) denotes a "process" of implementing resources to create value.	Airbnb is categorized in tourism and peer-to-peer/sharing economy which are all service economies.
FP6	The customer is always a co-creator of value	Value creation is interactional	Airbnb's guests contribute to the value co-creation process not only by providing reviews to other guests but also by increasing the platform attractiveness towards hosts and in some cases, providing a positive experience to hosts and motivating them to continue their service in Airbnb.

FP7	The enterprise cannot deliver value, but only offer value propositions	Value cannot be created or delivered solely by the supplier	Airbnb's hosts in fact can only provide value propositions to their guests and vice are only created when interactions between the two sides happen.
FP8	A service-centered view is inherently customer oriented and relational	S-D logic denotes value creation as an interactive process which emphasizes customer relationship with the firms and the unique experience of each encounter.	In Airbnb, the good hosts have a service-centered and customer-oriented view. They can tailor their service to build satisfactory relational and unique experiences with their guests.
FP9	All social and economic actors are resource integrators	The context of value creation is intertwined networks	Because of the nature of the tourism industry, Airbnb guests can be impacted by other factors such as cultural differences that stay outside of the hosts' influence.
FP10	Value is always uniquely and phenomenologically determined by the beneficiary	The characteristics of value are: idiosyncratic, experiential, contextual, and meaning-laden	The value exchanged between the same host and different guests is very different because of guests' personality, or host'

From the Foundational Premises, the two key resources that this thesis focuses on are operant and operand resources. In short, operant resources can be considered as intangible assets such as knowledge, and skills while operand resources are tangible, physical assets such as housing and amenities.

## 2.4 Practice theory

I believe that analyzing information technological phenomena such as the Airbnb platform through the lens of social theory can bring an interesting, beneficial, and outside

the box perspective. Technology, especially information technology services, blends into human life and interaction. Technology drives human behavior change and interpersonal connection. Social practices can be a good theory to look at the changing behavior of people in a new context involving technology. Social practices can be understood as a set of “background coping skills” that instantaneously restraint and support interactions between providers and consumers because humans unconsciously draw on practices to behave in everyday life (Echeverri & Skálén, 2011). Applying the theory of the social practice, a platform owner and manager can influence its agents’ actions by shaping a repertoire or a “tool kit” of routinized actions, habits, skills, and styles which people use in constructing strategies of action (Breiger, 2000). That’s why Airbnb can use the results from this thesis to shape how Airbnb guests and hosts interact and maximize the likelihood of value co-creation and reducing the chance of value co-destruction.

More in-depth, Reckwitz (2004)’s research described that the social practices theory is a cultural concept that illustrated human action and social order. The social order, as Reckwitz, (2004) described, is implanted in shared knowledge. It allows a socially mutual method to assign meaning to the world. Therefore, the social practices theory emphasizes the significance of a collective structure of knowledge, to comprehend human action and social order. Furthermore, social practice theory should not be simply associated with everyday behavior and action. Reckwitz, (2004) argued that the practice theory should be illustrated from six separate components: body, mind, things, knowledge, discourse, structure/process. Practice theory inspires researchers to study humans as the carriers of routinized and over subjective practices consisting of bodily movements, mental performance, interpretation, understanding, and knowing how, wanting, using objects (Reckwitz, 2004). The six components from Reckwitz, (2004)’s research is described below:

1. The body is a set of regular, skillful performances of our body. Those bodily performances derive from the practices that we learned. They include routinized mental and emotional activities on a bodily level. In the Airbnb setting, the hosts and guests can exchange bodily practices such as handshakes and smiling to express a welcoming feeling.
2. The mind is a set of mental activities that are certain and routinized ways to understand the world, to know how to do something, to interpret, or to aim. For example, the Airbnb hosts and guests can facilitate smooth practices when the hosts

provide the guests clearly and detail instructions on how to use certain amenities in advance.

3. Things are physical and tangible objects. Most social practices include routinized body/mind performance with objects, such as television sets, amenities, houses... in the Airbnb setting.
4. Knowledge relates to understanding, know-how, wanting, feeling, and expressing. Knowledge is implied and culturally specific. In the Airbnb setting, the guests and the hosts may have different knowledge about the same issue due to cultural differences.
5. Discourses are discursive practices and language. They are more than signs or “communication”. A discursive practice also consists of bodily or mental performance or knowledge. Most guests emphasize discourses with their host and even the Airbnb platform also promotes local experience through guests-hosts genuine interaction and communication.
6. Structure/process is the agreement between agents to believe the same. Breaking of structure/process brings disagreement between agents. In the Airbnb setting, the check-in check-out process can be an important agreement that can make or break the stay-experience for the guests.

## 2.5 Value formation

The Service-Dominant Logic presents the foundational framework for value co-creation between the service supply and the service demand side. However, to complement the Service-Dominant Logic’s value framework, Echeverri & Skålén (2011) argues that this value formation framework is still deficient due to the following reasons. The first reason is that this value framework is theoretical and abstract, missing how value is formed in practice. The second reason is this value framework only offers a theory about positive formation. Echeverri & Skålén (2011) suggests that there are both positive and negative sides that need to be examined in value formation. Because in certain circumstances, not all co-creation experiences are constructive (Echeverri & Skålén, 2011).

Echeverri & Skålén (2011) holds the view that interactive value formation procedure happening between the provide side and consumption side is not only a creative process but also a destructive one. At the provider and customer interface, value is both co-created and co-destroyed. Moreover, the interface between the providers and the customers can be

examined and comprehended based on the setting of the conceptions of value co-creation and value co-destruction and the notions that operant resources not only co-create but also co-destroy value. Echeverri & Skålén (2011) is much more concerned with the downside effect of value co-creation which is not a minor phenomenon. Echeverri & Skålén (2011) presents the co-destruction of value is a significant phenomenon in the interaction between the providers and the customers. In the examination and understanding of value formation, there should be no separation in time and space between value co-creation and value co-destruction. Value can be collaboratively co-destroyed during the interface between the service provider and the service consumers. Value is not just something that is co-created at the interface between the customer and the provider but can also be something that is co-destroyed. Accordingly, we need to stop seeing value creation as the only possible outcome during interactions between the customer and the provider. Value destruction is thus also equally important (Echeverri & Skålén, 2011).

In a service encounter context, Echeverri & Skålén (2011) suggests that based on the Practice Theory key-value formation practices are important enough to be studied in order to understand value formation because agents inter-subjectively evaluate value. When the providers and the customers' practices are congruent and matching, the outcome will be positive and be value co-creation. The harmony happens when both the providers and the customers agree as to which processes, understandings, and engagements should lead to which specific interaction. On the other hand, when the elements of practices are incongruent and mismatching, the outcome will be negative and be value co-destruction. The incongruity ensues when the supply side and demand side do not agree on which processes, understandings, and engagements should lead to which specific interaction (Echeverri & Skålén, 2011).

Echeverri & Skålén (2011) suggests that value formation includes four types: value co-creation, value co-destruction, value co-recovery, and value co-reducing. Echeverri & Skålén (2011) denotes value co-creation as "reinforcing value co-creation" and explains that when the providers and the customers interact with matching understandings about which elements of practices should be applied to a certain situation, the value progressively increases and reinforces. In contrast, Echeverri & Skålén (2011) describes value co-destruction as "reinforcing value co-destruction" which ensues when the providers and the

customers have mismatching notions about which practices should apply, causing a steady decline in interaction value (Echeverri & Skålén, 2011).

Moreover, Echeverri & Skålén (2011) proposes 2 more value formations called value co-recovery or “recovery value co-formation” and value co-reducing or “reductive value co-formation”. Value co-recovery occurs after the providers and the customers at the beginning draws on contrasting processes, understandings, and engagements, triggering value co-destruction; nonetheless, during the interface process, the elements of practices applied by the providers and the customers become congruent and matching again, leading to the start of value co-creation. On the other hand, Echeverri & Skålén (2011) points out that value co-reducing can also be initiated even when the providers and the customers start with congruent procedures, understandings, and engagements and form positive value co-creation. Yet during the interaction process, the providers and the customers’ practices can still become incongruent and mismatching, causing the interaction’s windup in value co-destruction instead of value co-creation as at the beginning (Echeverri & Skålén, 2011).

Echeverri & Skålén (2011) also reminds us that this value formation framework based on the Practice Theory can shine a light on how value is formed especially in face to face interaction settings. I, therefore, believe that applying this value framework can certainly help in this thesis’s investigation of value formation between Airbnb hosts and guests, which built on face to face interaction.

## **2.6 Value propositions**

Selling products and services is always challenging, especially in persuading the customers that the products and services are valuable to them in terms of cost control. If businesses reduce the price threshold to increase sales, the profit will suffer. Therefore crafting a compelling customer value proposition is the foundation to convince the customers to pay a premium price, and avoid the price war (C.Anderson, A.Narus, & Wouter van, 2002). The concept is applicable both in the business-to-business industry and consumer-to-consumer industry where P2P platforms such as Airbnb are operating. Understanding the unique customer needs can surely help service providers, in this case, the Airbnb Hosts, to offer resonated values.



Simply defined, value is what the customers get for what they pay. Nonetheless, measuring value is not always easy because the value is intangible and subjective. In the business-to-business industry, the suppliers should persuade the customer by demonstrating concrete evidence of business value, as well as providing how to measure the performance. The art of value persuasion is that the suppliers need to make sure, that the customers have the ability to assess the value. Moreover, when the customers evaluate the value propositions from the suppliers, the value should be successfully solving critical issues for the customers and bring tremendous benefits to the customers (C.Anderson et al., 2002). To identify critical problem areas that can lead to major innovation, the suppliers should invest resources in investigating and truly learning the customers' business process: what the customers aim to achieve, what their actions are, how they do that, what they are unhappy about, and what they want to change (C.Anderson et al., 2002).

Keeping that in mind, in consumer-to-consumer business such as Airbnb, the service providers should also spend time and effort on discovering and understanding the needs of the customers. The Airbnb hosts should emphasize finding out which value they can provide to not only resonate with their potential guests but also match with Airbnb's value proposition which is providing a differentiated experience.

C.Anderson et al., (2002) categorize that there are three types of "value proposition": all benefits, favorable points of difference, and resonating focus. According to C.Anderson et al., (2002) managers are easy to fall into the trap of "all benefits" value proposition. They simply provide all the benefits and values that they assume their products and services might bring to their target clients. They want to provide what they can do, the more the better, instead of what their clients truly need. Managers are more likely to provide "all benefits" value because it does not require intensive knowledge about customers and competitors. It is also fast and simple, without heavy work to develop. Understanding customers' needs take time. However, C.Anderson et al., (2002) point out that the "all benefits" approach has a major problem which is "benefit assertion". C. Anderson et al., 2002 define "benefit assertion" as the gap between what managers believe their features' advantages and what their target customers find beneficial. Managers likely emphasize those beneficial features which unfortunately provide no value to their target customers. Besides, too many undifferentiated benefits will diminish and overshadow the positive effect of the few truly

beneficial and different values (C.Anderson et al., 2002). Moreover, it reduces the persuasive power because other competitors can provide most of the same benefits.

The second category of value position that C.Anderson et al., 2002 illustrates is “favorable points of difference”. Providers using this second approach might try to focus on differentiating their products and services from their competitors. As the “all benefits” approach requires no knowledge of target customers and competitors, this second approach demands detailed information about competitors’ offerings to identify a different way to solve the target customers’ problem. However C.Anderson et al., 2002 criticizes this approach because of its “value presumption”. Managers should not assume that their different offerings would bring true value to their customers (C.Anderson et al., 2002). Differentiation does not mean valuable.

The third type of value proposition that C.Anderson et al., 2002 explain is “resonating focus” – a “gold standard” in C.Anderson et al., 2002’s perspective. This approach is based on a hypothesis that the target customers are often pressed for time and efficiency. That’s why they want to work with providers who understand their needs and important issues, and who can provide a simple but strongly appealing value proposition. More is not always better. By emphasizing and specializing in one or two critical values that are based on a thorough understanding of the customers’ needs, the providers can truly deliver the most beneficial value to their target customers. However C.Anderson et al., 2002 notes that this approach is not easy to craft. It takes time, effort, determination, and innovation by conducting intensive customer value research which not all suppliers could have done (C.Anderson et al., 2002). In the table below, the three types of value propositions will be illustrated.

*Table 5. The three types of Value Proposition – adapted from C.Anderson et al., 2002*

Value Proposition	All Benefits	Favorable Points of Difference	Resonating Focus
Value proposed	The demand side can receive all the benefits that the supply side can provide but it is	The benefits from the supply side are very different from those of the competitors	The supply side will deliver only one or two benefits, but they will

	not likely that the benefits will be valuable	but it is not likely that the benefits will be valuable	be highly valuable to the demand side
Answers to the customer question	“Why should I purchase your products/services?”	“Why should I purchase your products/services instead of your competitors?”	“What is most valuable for me about your products/services?”
Requirement	The supply side needs to understand its own products/services	The supply side needs to understand both its products/services and its competitors’	The supply side needs to understand how its products/services can bring the most value to customers
Potential challenge	The supply side cannot differentiate between benefits and values	The supply-side assumes values	The supply side needs to conduct extensive customer value research

C.Anderson et al., 2002’s framework about value proposition can shine a light on the approach that Airbnb hosts use to propose their service offerings. By analyzing the online review of Airbnb guests, I can identify whether the guests received resonating value, or some differentiated value, or just normal indifferent benefits.

Besides, from my research, I found out that different guests tend to have different value appreciation toward the same listing. This finding is confirmed by the study of Guttentag et al. (2018). Guttentag et al. (2018) identified and portrayed five Airbnb guest profiles named Money Savers, Home Seekers, Collaborative Consumers, Pragmatic Novelty Seekers, and Interactive Novelty Seekers with a wide range of motivation and value appreciation. The Money Savers mainly concentrate on finding good value, relatively low-cost Airbnb offerings. They tend to be somewhat young and less likely than average to traveling with children (Guttentag, Smith, Potwarka, & Havitz, 2018). Interestingly, in my Airbnb online review content analysis, I found one review that supports this observation from Guttentag et al. (2018)’s research:

*Daniel was very accommodating and friendly. It was a little pricey for what it was. The bed was smaller than a dormitory bed, and as a college student, I would know. The neighborhood seemed relatively safe, but I did get hassled a few times outside of the apartment. Overall, I was impressed but I probably would stay closer to the city center in the future.*

Guttentag et al. (2018) described Home Seekers as older than average people, well educated, less likely to be backpackers. The Home Seekers are significantly more likely to rent an entire home, staying with other guests such as spouse, partner, children, and with longer stays than other guest profiles. Home Seekers are more likely to look for large space, access to household amenities, and a homely feel (Guttentag et al., 2018). The third guest profile that Guttentag et al. (2018) portrayed is Collaborative Consumers. These guests are motivated by the collaborative consumption's philosophy such as the want to spend money on locals, environmentally friendly, and preference toward Airbnb's philosophy. They are somewhat less affluent, more likely to backpack and stay in shared accommodation with a fewer number of accompanying guests. They also have experience as an Airbnb host. The fourth guest profile is the Pragmatic Novelty Seekers who are young, less likely to do backpacking, staying with more accompanying guests. The fifth guest profile is the Interactive Novelty Seekers who were more likely to backpack and stay in shared accommodation with the shortest average length of stay (Guttentag et al., 2018). From my research, it's rather difficult to uncover who is the Collaborative Consumers, the Pragmatic Novelty Seekers, or the Interactive Novelty Seekers because not many reviews describe the reason for the stay such as business trip, leisure travel, or backpacking.

### 3 Methodology

In this chapter, I will depict my methodology and approach to the thesis work. First, I will describe what method I used for my analysis, and then I will illustrate how I collected and analyzed my data.

#### 3.1 Description of method

The approach of this thesis work is using online content analysis of Airbnb guest's reviews in three metropolitan cities: Amsterdam, London, and Barcelona. This methodology has been recently implemented in several studies to discover social practices and value formation in Airbnb settings (Camilleri & Neuhofer, 2017, Johnson & Neuhofer, 2017).

The reason I follow qualitative research's coding processes is to identify repetitive, consistent, and noticeable interaction patterns between the Airbnb hosts and guests. As Saldaña (2013) describes the coding process for qualitative researchers, a code is usually a single word or succinct phrase that represents a collective, important, "essence capturing" feature for a portion of linguistic-based or visual data. The data can be in any form: text-based such as transcripts, field notes, journals, literature, documents, email, or graphics-based such as drawings, videos, images. Saldaña (2013) presents two coding processes. The First Cycle coding process happens during the initial data coding. The process consists of seven categories: Grammatical, Elemental, Affective, Literary and Language, Exploratory, Procedural, and Themeing the Data. Saldaña (2013) considers most First Cycle methods straightforward and not complicated. On the other hand, the Second Cycle methods are a bit more complex. Qualitative researchers need to be able to categorize, prioritize, synthesize, conceptualize, and build theory. In short, the Second Cycle processes are to restructure the initial analytic results into a more comprehensive and insightful outcome. (Saldaña, 2013) lists 6 categories of the Second Cycle methods: Pattern, Focused, Axial, Theoretical, Elaborative, and Longitudinal Coding. Choosing which appropriate methods to use depends on the qualitative researchers, the nature and the goals of their study, as well as their preference because there is no best way to code qualitative data (Saldaña, 2013).

#### 3.2 Description of data collection

I collected data on the review content of Airbnb guests from a website called "insideairbnb.com". This website, Inside Airbnb, is considered one of the best sources of

publicly available data about Airbnb. The creator of Inside Airbnb is a legitimate activist, who used to contribute the data to New York City's Office of Special Enforcement and the data became a foundation for the city's recent subpoena of 17,000 Airbnb listings that were presumed as illegal. The data point from Inside Airbnb is informative. The data I collected consists of text-based reviews from Airbnb guests. The structure of the data is grouped by listing and sorted by date. Example review contents are presented below.

listing_id	id	date	reviewer_id	reviewer_name	comments
2818	1191	30.3.2009	10952	Lam	Daniel is really cool. The place was nice and clean. Very quiet neighborhood. He had maps and a lonely planet guide book in the room for you to use. I didnt have any trouble finding the place from Central Station. I would definitely come back! Thanks!
2818	1771	24.4.2009	12798	Alice	Daniel is the most amazing host! His place is extremely clean, and he provides everything you could possibly want (comfy bed, guidebooks & maps, mini-fridge, towels, even toiletries). He is extremely friendly and helpful, and will go out of his way to help you if needed, or just let you come and go as you please. Highly recommended!
2818	1989	3.5.2009	11869	Natalja	We had such a great time in Amsterdam. Daniel is an excellent host! Very friendly and everytime helpful. The room was cozy, comfortable, and VERY clean. Maps, towels, mini-fridge, coffee (very tasty) and tea supplies were provided. Bathroom with all the bathroom requires. Good location - next to the tram stop and it took just around 10-15 minutes to get to the city center. Totally recommendable!

Figure 1. Example of dataset

### 3.3 Description of data process

Due to the nature of my collected data, I believe a mixture of coding methods is suitable. In my First Cycle Coding, I coded my data with In Vivo Coding method. This method uses the actual language found in data as “codes”. It could help a researcher like me to be familiar with the guests’ language and perspective (Saldaña, 2013). I used a simple Excel file and went through a small data sample for testing because I wanted to understand the context surrounding the data, envision what kind of challenges I might face when coding the data, and come up with a better process. By using the simple Excel file, I was able to identify some hidden patterns and also the challenge of manually keeping track of all my code and refined data. Then I started my Second Cycle Coding based on other literature frameworks as well as my understanding of the content. I moved my work to a specialized software named ATLAS.ti. With this software, I again used In Vivo Coding to build up my understanding, with a much larger data set. Later, I used Provisional Coding which is the process of coding with a “start list” of codes that I gathered from other researchers’ study to build up my knowledge. After that, to refine my first code results, I used Pattern Coding which is the process of grouping similar data and constructs differentiated groups to identify hidden patterns (Saldaña, 2013). My coding process is presented below.

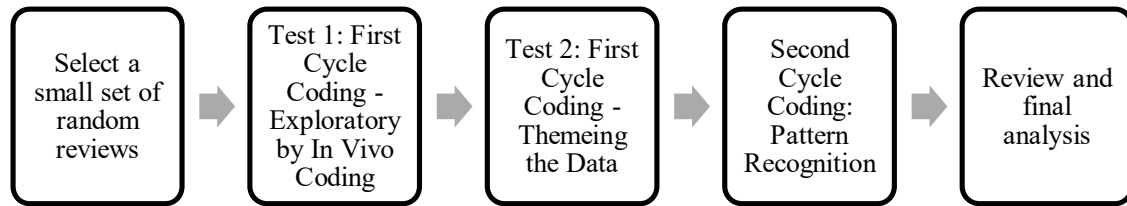


Figure 2. Coding Process

In my First Cycle Coding, at my first test “Test 1”, I selected a small set of random reviews from data Amsterdam to read through carefully to grasp the meaning and get “a feeling” of what the data is about. I read approximately 100 reviews of two listings and used In Vivo Coding to build a set of tentative code (19 codes).

	comments	Operant	Operand	Public transport	Welcoming	Expressing feelings	Evaluating host	Evaluating location	Helping and interaction	Recommend: Stay again	Thanking	Touring local	Cooking cleaning	Cultural learning	Relaxing	Co-creation	Corecovery	Coreducing	Co-destruction
1	should most or all of your time out and about in the city. It's particularly well-suited to the solo traveller and Daniel is a fantastic host.							"core" city; difference between EU and US apartment!											
39	Slightly outside the 'core' of Amsterdam, but transport is extremely convenient and Daniel is hugely accommodating with late-night schedules. Only thing I'd say is that it is best if you have experienced what European apartments are actually like. Daniel's is really, really nice - but it is European. If you're fresh off the plane from North America and staying at Daniel's apartment was great! My boyfriend and I stayed here two nights and were very happy to do so. Daniel was a terrific host who made us feel at home. The room we stayed in was lovely and comfortable, and he provided us with a hair dryer, towels, tea and coffee, maps and guide books. He was a wealth of information in terms of when to go to certain museums, what was and wasn't worthwhile, and the best ways to get around using public transportation. He even allowed us to use his bikes free of charge! He was very accommodating and accepted our booking very last minute, and didn't mind that we were arriving late in the evening on a weeknight. The location of his apartment is also great - near both train and bus.	wealth of information in terms of when to go to certain museums, what was and wasn't worthwhile, and the best ways to get around using public transportation. He even allowed us to use his bikes free of charge! He was very accommodating and accepted our booking very last minute, and didn't mind that we were arriving late in the evening on a weeknight. The location of his apartment is also great - near both train and bus.	hair dryer, towels, tea and coffee, maps and guide books, free bike		1 don't mind arriving late	great, happy, terrific	1	1		1					1		1		
40	Daniel's apartment was perfect for my 5 days in Amsterdam (March 2013) and was a great value. It is only 5 minutes away from the bus and is in a safe residential area. The area has public transports, restaurants, laundry, supermarket. The apartment was also very comfortable and very well-equipped. The kitchen, work desk, shower and bathroom were all very nice. It is well maintained, very clean, nicely decorated. The bed is really comfortable, the sheets are soft and fragrant. There were beautiful flowers, tea and hot water inside my room. He has an eye for everything, is friendly and very professional. Daniel Great Trip, accommodation was very clean and Daniel was very welcoming and professional. He provides hotel-like accommodation with a real feeling of	friendly, eye for design, professional, arranged, advises		1			1 safe, comfortable, well equipped, well maintained, clean, decorated, comfortable	taught how to travel, quick to respond		1	1	1			safe area		1		
41	everything, is friendly and very professional. Daniel Great Trip, accommodation was very clean and Daniel was very welcoming and professional. He provides hotel-like accommodation with a real feeling of						1 clean			1			real feeling of amsterdam				1		
42	hotel-like accommodation with a real feeling of																		

Figure 3. First Cycle Coding, Test 1 - 19 codes made

After “Test 1”, I realized that there were hidden patterns in the review data. All reviews of the same listing were somewhat repetitive. I might only need to analyze a small portion of the data, about 20 - 30 reviews per listing, and then I already understood the overall idea of the listing and the host who was reviewed. Besides in “Test 1”, the set of tentative codes was rather large. The reason could be I tried to cover all my three research questions at once. I, therefore, had difficulty managing the code set and looking for clear patterns.

I then decided to analyze the data for each research question separately. I performed a second test, “Test 2”, still in the First Cycle Coding. In this test, I only aimed to answer

Research Question 2 “What are the operant and operand resources that the supply side utilizes to form value with the demand side in Airbnb settings?”. I had some ideas and expectations about what the operant and operand resources in the Airbnb setting could be. As a result, I felt more confident to find hidden insights in the data. I selected a new set of random reviews from different years throughout the history of the listing. The review should be pretty long to contain a good amount of information. I only analyzed 20 to 30 reviews per listing and then wrote a short description/ memo of the listing and the host. My new code set was only 7 codes. Figure 4 and figure 5 will portrait how I worked with a spreadsheet to analyze the data.

listing_id	date	Comments	Clean, nice place	Central location	Public transport	Travel Amenities	Accommodation Amenities	Friendly, cool (attitude)	Helpful, knowledgeable
2818	27.1.2010	Daniel was an exceptional host!! We only had a short stay in Amsterdam but Daniel was extremely helpful as he had all the local transport timetables mapped out and ready for us to use. His place was very clean and comfortable. Daniel was incredibly accommodating on our last day in Amsterdam. Our flight wasn't till the evening and he was kind enough to let us leave our luggage for the day and return to pick them up before our flight. TOTALLY, TOTALLY, TOTALLY recommend Daniel's place next time you visit Amsterdam.	1		1	1		1	1
2818	24.3.2010	No amount of praise for Daniel would be corny or excessive. His place was comfortable and wonderful, and he is an incredibly friendly and accommodating host. I felt cleaner, safer, and happier than at any hotel. A friend and I stayed here, and we loved having the twin beds in the same room. The shower was luxurious and clean, and Daniel provided us with maps, restaurant recommendations, bikes, and tea service! I just asked my travel companion "What else can I say about Daniel's place?" and he was like, "OH MAN! It's one thing to expect breakfast from a B&B, and it's quite another to be chez Daniel. His command of the nuances of hosting are unmatched."	1		1	1	1	1	1
2818	16.4.2010	It's the perfect place: clean, safe, noiseless, with a perfect owner. Moreover with the hash from Island, we were stucked in amsterdam and daniel help us a lot. So thanks you Daniel. If you have to come to Amsterdam, choose the Daniel's place and you will enjoy your holidays.	1						
2818	19.4.2010	When you reach at Dainel place, be sure that all things are ready to greet you. May it be meticulously made room or spick & span bathroom or well-thought-of information on "Things To Do" along with relevant maps & transportation schedule to explore the city to the fullest. Nothing misses out from Daniel's radar. His pleasing personality with great aesthetic sense is just an icing on the cake. We would definately stay with him again. Thanks again for making us feel at home.	1		1	1	1	1	
2818	3.5.2010	Daniel is a terrific host, like one of the other people stated Danile provided me with great maps and recommendations. I would stay with Daniel again anytime.			1		1	1	1
2818	24.5.2010	Daniel was a fantastic host and we would absolutely stay again with him. Everything was as advertised and you can easily get anywhere from his apartment.			1				

Figure 4. First Cycle Coding, Test 2 - 7 codes made

ID	Host	Description and Memo
2818	Daniel	Extremely professional host; offer great hospitality, amenities, perks (guests appreciate little things that demonstrate host dedication and attention to details). The house is off from centre but close to public transport. Guests are so happy with host. Easy check in and welcoming. Guest reviews very positive.
20168	Alex	The house is in centre, great location, but some guests complain about the noise. Some guests are dissatisfied with host level of hospitality when late/early check in happens. Host charges extra perks. Host does not offer great hospitality, personal touch, and human interaction so some guests feel like in hotel. Difficult at CI. Charge fee for late/early CI. However other guests feel host CI policy is flexible. Perhaps Airbnb should make a clearer standard for Check in? Amenities: Slow wifi, cold bathroom, steep staircase are common complaints.
27886	Flip	Exotic experience, boat house on canal, easy CI, welcoming, friendly, and helpful host. Most of the guests compliment on the host breakfast provision, bikes, and canoe. They also compliment that staying at host's boat is comfortable.
28871	Edwin	Clean room, central location, some complains a bit noisy. Friendly, nice, helpful host with flexible check in. Guests seem to have positive experience when the Check In time is flexible and host coordinates to make the CI smooth. When he is out of town, he can still manage to make the CI smooth, unlike Alex in 20168. Ability to make smooth CI/CO is extremely valuable. Some complain about slow Wifi.
31080	Nienke	Not a central location, quiet neighborhood for relaxation, close to public transport. The house is highly recommended for good accommodation amenities that make guest feel like home. Host is friendly, quick to response, and helpful, providing tips and information
38266	Julian	The listing is in central location but still has a quiet and relaxing neighborhood. The house is clean, tidy, with great amenities such as Coffee machine, iMac, and fast internet. The host is both friendly and helpful. He is also able to make smooth CI/CO with the help of his friends. It seems that guests are amazed with the coffee machine and iMac. This host is an example of good value recovery by apolizing personally for cancelling a booking. The cancelled guest really appreciated and left a good review!

Figure 5. First Cycle Coding, Test 2 - Description and Memo



After that, I conducted a more intensive coding at Atlas.Ti. In my Second Cycle Coding, I selected in random 22 listings from Amsterdam (9 listings), Barcelona (7 listings), London (6 listings), from which I also chose in random 10 to 20 Airbnb guest's reviews (comments). Figure 6 below will illustrate the software and my work in progress, while future 7 depicts my final analysis with a code list. Compared to Figures 3, 4, and 5, Figures 6 and 7 show a more robust and reliable analysis process.



Figure 6. Second Cycle Coding - screen captured of my work in progress in ATLAS.TI

Name	Groups	Comment
Complimenting on convenient location	253	0 Nearby POIs: beach, supermarket, bar, coffee, restaur...
Expressing positive experience	190	0 Confirm positive experience Relaxing experience, does...
Complimenting on host's good operation	188	0 Welcoming Spend time with guests - guiding, directin...
Complimenting on positive amenities	166	0 Mostly about bed and room where guests sleep - shou...
Generally complimenting on host	158	0
Recommending the listing to future gu...	127	0
Complimenting the listing in general	122	0 Compliment the listing Decorate good Beautiful Neat
Complimenting on public transport bei...	104	0
Complimenting on the listing being clean	101	0
Wishing to stay again	90	0 Wish to stay again
Complimenting on host being informat...	79	0 Informative Welcoming Provide booklets, travel guide,...
Telling story about surprised perks and...	71	0 exceed expectations add on operant/operand resource...
Complimenting on quiet and relaxing pl...	67	0 quiet and relaxing
Thanking the host	62	0
V: Value Co-Reducing	54	0 reducing by saying negative experience - even when h...
Complimenting the place being spacious	52	0
Complaining about lack of amenities or...	44	0 Evaluate amenities not so good, sometimes bad Small...
Value Co-Destruction	43	0
Complimenting on local and beautiful l...	42	0 nice bar, cfe, restaurant, canal, not just popular tourist...
Confirming the listing matched expecta...	38	0
Sharing positive and memorable story...	37	0 helpfulness welcoming memorable social practices
V: Value Co-Recovery	36	0 Guests explained some negative facts due to culture,...

Figure 7. Final analysis - Code list after coding all the data

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Thanks to the analysis process, I could identify good qualitative insights from the data set. In the next section, I will present and discuss my results and findings.

## 4 Findings and Discussion

As mentioned in the beginning, the three main research questions (RQ) are:

**RQ1.** What are the social practices that facilitate value formation between the demand side and the supply side in Airbnb settings?

**RQ2.** What are the operant and operand resources that the supply side utilizes to form value with the demand side in Airbnb settings?

**RQ3.** What are the most significant social practices and resources that lead to each type of value formation (value co-creation, co-recovery, co-destruction, and co-reducing)?

The next three sections will be dedicated to each question. The first section - “**Social practices**” will provide answers to my first research question “*What are the social practices that facilitate value formation between the demand side and supply side in Airbnb settings?*”. The second section - “**Operant and operand resources**” will answer my second research question “*What are the operant and operand resources that the supply side utilizes to form value with the demand side in Airbnb settings?*”. Finally, the third section - “**Value formation and their important social practices**” will deliver insights to the third research question “*What are the most significant social practices and resources that lead to each type of value formation (value co-creation, co-recovery, co-destruction, and co-reducing)?*”

### 4.1 Social practices

In this section, I will answer the first research question of this thesis “What are the social practices that facilitate value formation between the demand side and supply side in Airbnb settings?”. First, I will describe the general findings of the three social practices that I identified. Then I will illustrate in detail each social practice and its elements.

Several recent studies have discovered numerous social interaction practices, especially in the Airbnb setting. These social practices include: touring like a local, cooking and cleaning at home, cultural learning about the destination, relaxing with a view (Johnson & Neuhofer, 2017); and welcoming, expressing feelings, evaluating location and accommodation, helping and interacting, recommending, thanking (Camilleri & Neuhofer, 2017). In my findings, I categorize social practices into two classifications. The first classification is “Interaction Value Practices” and the second one is the subset, named

“Elements of Practices”. This method of classification was introduced by Camilleri & Neuhofer (2017).

I identify major Elements of Social Practices that guests drew on in their review of the listing. All of the most frequent Elements of Social Practices are positive. Those elements are:

Table 6. List of the most frequent Elements of Social Practices

1. Complimenting a convenient location	● Complimenting on convenient location	253
2. Expressing positive experience	● Expressing positive experience	190
3. Complimenting the host's good operation	● Complimenting on host's good operation	188
4. Complimenting positive amenities	● Complimenting on positive amenities	166
5. Generally complimenting the host	● Generally complimenting on host	158
6. Recommending the listing to future guests	● Recommending the listing to future guests	127
7. Complimenting the listing in general	● Complimenting the listing in general	122
8. Complimenting public transport being nearby	● Complimenting on public transport being nearby	104
9. Complimenting the listing being clean	● Complimenting on the listing being clean	101
10. Wishing to stay again	● Wishing to stay again	90
11. Complimenting the host being informative	● Complimenting on host being informative	79
12. Telling a story about surprising perks and differentiation in the listing	● Telling story about surprising perks and differentiation in the listing	71
13. Complimenting a quiet and relaxing place	● Complimenting on quiet and relaxing place	67
14. Thanking the host	● Thanking the host	62
15. Complimenting the place being spacious	● V: Value Co-Reducing	54
	● Complimenting the place being spacious	52
	● Complaining about lack of amenities or...	44
	● Value Co-Destruction	43
	● Complimenting on local and beautiful location	42
	● Confirming the listing matched expectations	38
	● Sharing positive and memorable story...	37
	● V: Value Co-Recovery	36
	● Complaining about place being noisy	26
	● Warning future guests	22
	● Expressing negative experience	21
	● Sharing story about host's incongruent...	20
	● Complimenting on good value for money	19
	● Complimenting on host's pets/children/...	19
	● Complaining about the listing in general	16
	● Complaining about the place is far	15
	● Confirming that the location is safe	15
	● Complaining lack of time with host	13
	● Complaining the place being small	12
	● Complaining the place being dirty	10
	● Share information to clear future guest...	10
	● Complaining about host's bad operation	8
	● Not recommending the listing	7
	● Recommending that host should improve...	7
	● Important Comment	6
	● Reviewing that the listing is not good value...	5
	● Complaining that expectations were not met	2

From the 15 distinct elements of social practices, I group them into three focal categories of Interaction Value Practices: (1) **Complimenting hospitality**, (2) **Complimenting the physical listing**, and (3) **Referral**. The first Interaction Value Practice matches the host's operant resources such as hospitality skills, information, and knowledge. The second Interaction Value Practice matches with the host's operand resources such as the

amenities, convenient location, and clean, quiet place. The third Interaction Value Practice shows the guests' support if all the resources are utilized to co-create positive experiences.

Interaction Value Practice 1: **Complimenting hospitality (operand resources – experiential benefits)** includes “Generally complimenting host”, “Complimenting host’s good operation”, and “Complimenting the host being informative”.

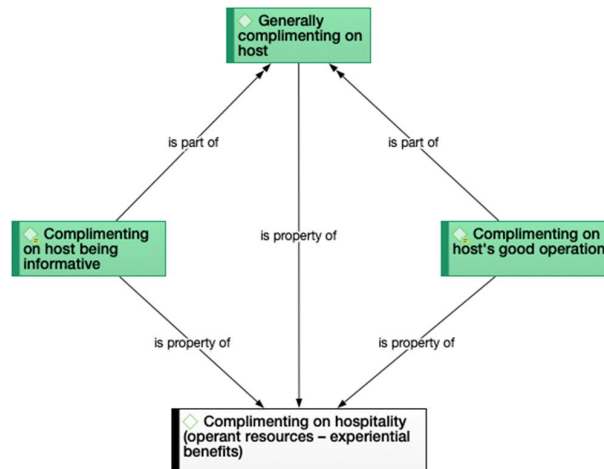


Figure 8. Complimenting hospitality

Interaction Value Practice 2: **Complimenting the physical listing (operand resources – practical benefits)** consists of “Complimenting the listing in general”, “Complimenting convenient location”, “Complimenting positive amenities”, “Complimenting public transport being nearby”, “Complimenting the listing being clean”, “Complimenting quiet and relaxing place”, and “Complimenting the place being spacious”.

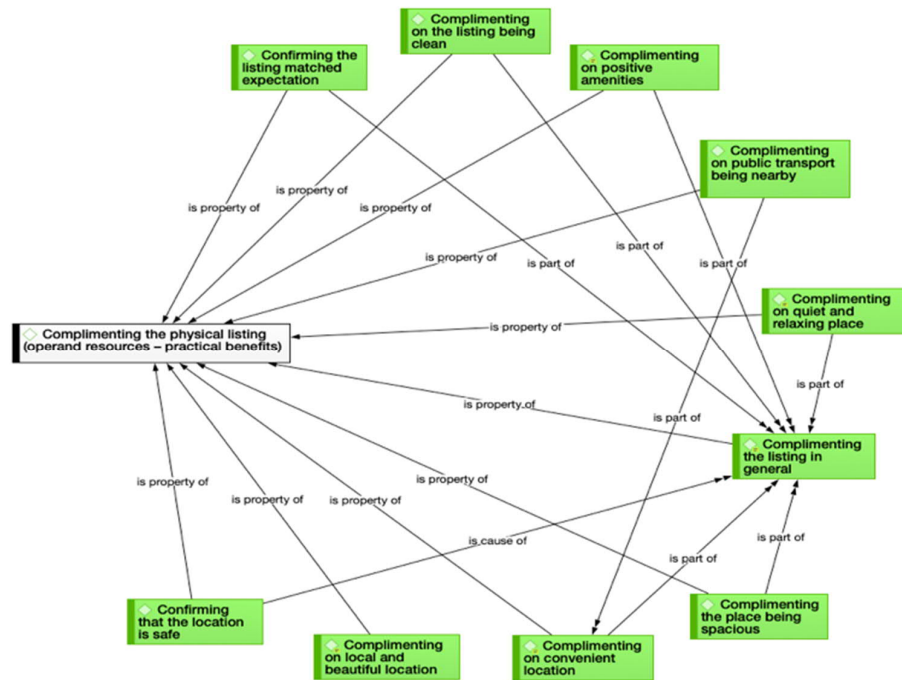


Figure 9. Complimenting the physical listing

Interaction Value Practice 3: **Referral** comprises of “Expressing positive experience”, “Recommending the listing to future guests”, “Wishing to stay again”, “Thanking the host”, and “Telling a story about surprising perks and differentiation in the listing”.

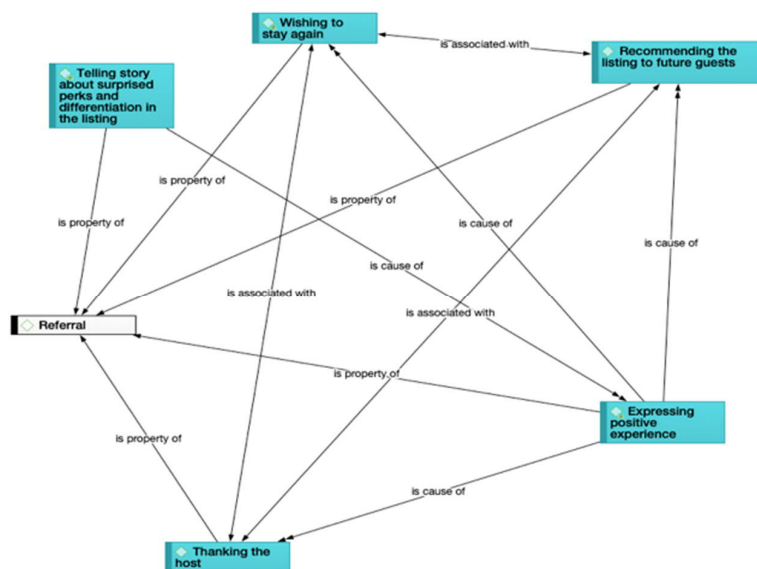


Figure 10. Referral

It is also worth noticing that the sentiment of the online review content is overwhelmingly positive, which is similar to the result from Cheng & Jin, (2019)'s research as well as Camilleri & Neuhofer, (2017)'s study. The reason could be Airbnb guests' reviews have a positivity bias (Cheng & Jin, 2019). In my opinion, this is the snowball/ network effect: the more positive reviews one listing already received, the higher likelihood that the next review would be positive. Additionally, Cheng & Jin, (2019) reveal that Airbnb users can trace each other by using online reviews. The reviews can become the curriculum vitae of both Airbnb hosts and guests, thus Airbnb reviews have a tendency and could be sometimes polarized to a positivity bias (Cheng & Jin, 2019).

*"I have to echo all the other positive reviews about Julian's place. He is very pleasant to deal with"*

*We could not be more pleased with our stay with Daniel. We chose his accommodations because of the rave reviews from other guests. They were all right!!*

However, not all guests have a so strong prejudice toward positive reviews that they could forgive negative experiences caused by either the host or the stay in general. There is an occasion when several guests felt extremely disappointed even the listing has many positive reviews in the past. Furthermore, the disappointment could even be more significant due to guests' unmatched and unfulfilled expectations that the guests already had after researching and reading the listing's positive reviews.

*I don't know if we were just there at an inconvenient time, but we didn't feel very welcome in Pedro's home despite so many positive reviews [...] All in all we were disappointed with our stay with Pedro, I'm sorry.*

Nonetheless, the majority of the reviews that I analyzed lean toward positivity. In the following sections, I will present a detailed illustration of each Element of Social Practices that I discovered.

#### 4.1.1 Interaction Value Practice 1: Complimenting hospitality

Complimenting hospitality is an interactional social practice that depicts the Airbnb guests' appreciation to hosts' intangible resources such as communication skills, welcoming, accommodating, and responsiveness. This Interaction Value Practice consists of three Elements of Social Practices: "generally complimenting host", "complimenting host's good operation", and "complimenting the host being informative".

**"Generally complimenting host"** is guests' Element of Social Practice to show their appreciation toward the host. This does not represent any specific host's operant resources which are intangible assets, skills, or knowledge. Instead, this practice is proof that the Airbnb host is excellent in general. Usually, it could be a short sentence review.

*Flip is a great host*

*Edwin is the perfect host!*

*Franklin was a great host*

Another Element of Social Practices is **"complimenting the host's good operation"**. It is specifically used to review how the host interacts with guests and other operational activities and events. By giving compliments on the host's good operation, guests can show their gratitude to the host's welcoming, friendly, helpful, and responsive attitude and actions. Besides, the host's good operation also consists of privacy respect, attention to small detail, smooth check-in check-out process.

*I was very happy with the fast reaction and communication with Nienke!*

*We appreciated how flexible she was with check-in/check-out times.*

*She was always available and helpful when we needed her*

*Ivar was always trying to help us in every way*



*The host was very personable and helpful.*

The next Element of Social Practices is “**complementing on the host being informative**”. This Element of Social Practices is purposely used to admire how the host displays good communication and conversational skills provide clear and detailed instructions on how to use amenities or recommends tips and tricks to explore the destination. Guests also value how fast and available the host can respond to requests and questions. It seems like guests truly appreciate the host as a local tour guide and trustee because guests expect to ask all kinds of questions ranging from how to use the amenities to how to buy public transportation tickets.

*Edwin is very nice and gave us useful information and great tips about the city.*

*With his many recommendations, we ended up having a blast exploring the local food, shops, and museums.*

*Franklin is a gracious and full of information host*

*Julian's tips were very much appreciated and he left us many leaflets and brochures to make our stay comfortable*

*Linda replied promptly to my enquiries and was very kind to tell us about travel information and rail services.*

#### 4.1.2 Interaction Value Practice 2: Complimenting the physical listing

In this section, I will portrait the second Interaction Value Practice – “complimenting the physical listing”. There are ten Elements of Social Practices that I identified in this group. I will describe all of them in detail and also provide quotations from the online review content that I collected.

The first Element of Social Practices that I identified in this Interaction Value Practice is “**complimenting the listing in general**”. This social practice is the guests’ approach to

validate the host's accommodation as good in general. This does not represent any specific host's operand resources which are tangible assets such as amenities, location, or the size of the room. Instead, this practice is proof that this Airbnb listing is outstanding in general. Similar to the social practice "generally complimenting host", this practice usually is a short sentence review, sometimes with an exclamation mark to show the guest's positivity toward the listing and the experience of the stay.

*His place was comfortable and wonderful*

*The houseboat itself was lovely*

*Daniel's place was great!*

*This place was the best*

**"Complimenting convenient location"** is another Element of Social Practices. Interestingly, guests have a strong emphasis on convenient location. They like to look for and review the listings which have many nearby Points of Interest such as beaches, supermarkets, bars, coffee shops, restaurants. Additionally, the location should not be too far away from the central or major popular tourist landscape. The more central location the better, for example only walking distance to some major Points of Interest. It is also acceptable if the listing has a good connection to public transport.

*We walked all over the city quite easily*

*His place was super central and super clean!*

*The location is very good, 5 min walk to underground, and 2 min to supermarket, pharmacy, coffee shop*

*A great location less than 5min walk to the beach*

*Good location - next to the tram stop and it took just around 10-15 minutes to get to the city center*

Guests also show tolerance toward noise if the location is central. This finding resonates with Cheng & Jin, (2019)'s study in which the authors also point out that guests generally treat negative experiences associated with a centralized and convenient location such as noise as a minor issue.

*Well located, maybe a little bit noisy during the weekend*

As presented, if a listing is in the center, Airbnb guests are more tolerant toward its noisy and busy surrounding neighborhood. Furthermore, if the listing is both central and quiet, maintaining local experience, guests will be very pleased. Certainly, some guests prefer to stay in a quiet and local area.

*The location is slightly off of the main tourist area so you get to be around locals and have some peace but are only a minute or two from a faster pace. You are also right near one of the free ferries that take you to northern Amsterdam, so convenient!*

*The place is located in a quiet neighborhood so we are away from all the noises, but it is also very close to all the public transportations so getting into the city is fairly easy and fast.*

The next Element of Social Practice in this group is “**complimenting positive amenities**”. Amenities are one of the key factors that guests look for and review an Airbnb listing. This social practice usually is very descriptive. Guests tend to describe what the listing they stayed has in terms of amenities and facilities. They also review if all the amenities listed in Airbnb listing's description are there. In some special cases, guests even explain how to use some amenities. Overall, from my data, guests tend to compliment positive amenities. This reason could be all the listings are located in big and modern cities.

*He provides everything you could possibly want (comfy bed, guidebooks & maps, mini-fridge, towels, even toiletries).*

*Coffee and tea on offer, as well as international adapter plugs, which definitely came in useful for us.*

*The kitchen is very well equipped with everything you need to cook anything. Our special thank you for the Nespresso machine and coffee for it and very fast Internet through Wi-Fi*

*A large bedroom for two with a comfortable bed, a large cabinet and drawers, a clean shared bathroom. Great choice of food to prepare your breakfast, if you want you can even cook... and no washing up! Just fill up the dishwasher...*

*This top-floor room has an ensuite with toilet and sink (good-sized sink with single-handed faucet, which I appreciate). The tub/shower is in the shared bathroom one floor down. At the foot of the stairs to the loft room is a wardrobe with hangers. The large room has two windows on one side and an openable skylight on the other, so you can get a cross-breeze going. I really liked having a big desk. There is a chest of drawers, TV, kettle with mug, coffee and tea, hair drier, enough electrical outlets and even a bedside clock-radio. Importantly, the wi-fi works well. Guests can use the washing machine on the ground floor and drying racks.*

Another Element of Social Practices is “**complimenting public transport being nearby**”. This social practice can be considered as a subset of the Social Practices Element “**complimenting convenient location**”. However, it still plays a critical role for future guests to understand the connection between the listing to other areas in the destination they are about to explore. A good connection to public transport could make a listing more attractive to future guests. From my own experience as an Airbnb guest, when choosing accommodation, I would weigh different factors such as price, close to the central, amenities, and connection to public transport. If a listing that is a bit far away from the center but can still reach the major attraction points by public transport, I can still consider that listing.

*The location is close to the tram or bus which takes you to most of the attractions.*

*It takes less than 5 minutes to walk from the railway station - which can be seen from the flat*

*The flat is also well connected and easy to get to from all areas of Barcelona.*

*It was about a 7-10 minute walk to the nearest metro station, but it was quite easy to reach all the touristic attractions using public transport*

The next Element of Social Practices is “**complimenting the listing being clean**”. This social practice is what the guests draw on to show how the listing is quality in terms of cleanliness. It is the same desire and requirement that guests look for even in traditional hotel settings.

*This was a very nice, bright, clean apartment to stay in during our time in Barcelona*

*The flat is clean and you can find everything you need.*

*Pinar does a great job in cleaning the place regularly, and I found the place clean enough, especially compared to the Spanish average*

Besides, “**complimenting quiet and relaxing place**” is also a popular Element of Social Practices that many guests prefer in the review.

*The place is located in a quiet neighborhood so we are away from all the noises*

*It's very quiet, particularly cozy when raindrops fall on the boat - like camping, just a lot more comfortable!*

In addition, a spacious place is an operand resource that guests like to review and compliment through an Element of Social Practices named “**complimenting the place being spacious**”. The place does not need to be too big, it just needs to be spacious enough for guests to stay comfortable.

*The place was fully furnished and had plenty of space for 5 people.*

*The room has plenty of space and is very comfortable*

*The room is big enough for 2*

### 4.1.3 Interaction Value Practice 3: Referral

In this section, I will illustrate my last Interaction Value Practice – “referral”. This value practice has five Element of Social Practices which I will describe below. The five Elements of Social Practices in this group are: “expressing positive experience”, “recommending the listing to future guests”, “wishing to stay again”, “thanking the host”, and “telling a story about surprising perks and differentiation in the listing”.

The first Element of Social Practices in this group is “**expressing positive experience**”. This Element of Social Practice is used by guests to present how positive their stays had been. Guests can open a review with a short sentence exclaiming their superb and memorable experiences. Usually, when a review has a positive opening, the review is likely upbeat and has nice recommendations.

*the experience was completely positive.*

*perfect Amsterdam experience*

*Simple EXCELLENT!!!*

A longer sentence can also be used to describe the experience in a more vibrant and vivid perspective. This expression can direct toward the experience in general, the host, or the physical listing.

*I can't imagine a better apartment we could have stayed in, it made our stay in Amsterdam everything we wanted it to be and more because it made us feel like we got to experience living there.*

*We could not have had a better experience at Linda's, especially being first time visitors to Europe*

*Me and my cousin had a fantastic time in London, and their hospitality definitely contributed to that. Since the very first moment, we felt welcome*

“**Recommending the listing to future guests**” is another important Element of Social Practices. It is also one of the main goals that the host tends to achieve. The more recommendation reviews a listing has, the higher probability that more guests will book the listing. Guests use this practice to co-create value with the hosts and build up a snowball effect for the listing and also the Airbnb platform. In case of a positive review, guests usually summarize their review with a short sentence for a recommendation.

*Would definitely recommend!*

*Happy to recommend.*

*We highly recommend this place*

Sometimes a longer recommendation sentence appears to intensify the enthusiastic feeling from guests.

*Thank you for all the stimulating conversations, inspiration and hospitality!!! We loved staying with you and will definitely be sending friends your way. Hope to see you guys on the West Coast soon!!!*

*A great place for a group of friends who want a comfortable, clean and safe place to hang out before heading into Barcelona for the day / night.*

Together with “recommending the listing to future guest”, “**wishing to stay again**” is another Element of Social Practice that guests apply to display high enthusiasm and refer the listing.

*We all loved the place and hopefully we will come back.*

*I would certainly stay here again.*

*Would stay there again for sure when I return to London.*

Additionally, “**thanking the host**” is a polite Element of Social Practice that guests draw on to express gratitude and appreciation to the host, as well as validate they have a positive experience during their stays. “**Thanking the host**” is also a good practice to recommend, refer the listing, and bring the host more credibility.

*Thank you so much for hosting! That's why I love Airbnb!*

*Thanks to Franklin for sharing his home and helping our trip of a lifetime a reality!*

*we wished we could have stayed longer! Thank you again Daniel!!!*

*Thank you again Ana for making mine and my sisters first experience in Barcelona memorable.*

*I wish I could have stayed for much longer and enjoy their uplifting company. It was a privilege. Miss you, Pinar & Didac.*

“**Telling a story about surprising perks and differentiation in the listing**” is a genuine and credible Element of Social Practices that the Airbnb guests draw on to refer the listing to future guests. Guests usually use this Element of Social Practice to co-create value with hosts, by telling an authentic story about the listing and the host. This practice can create a high level of credibility and trustworthiness for the host. Surprising perks in the listing can range from a nice breakfast to small yet welcoming gestures from the host.

*there is an amazing restaurant (that Pinar helpfully recommended) just a block or so away that serves some amazing authentic paella - that is an utter bargain - it is called Balthazar! Definitely try it!*

*there were even some Spanish beers left for us in the fridge*

*The memory foam pillows in the master bedroom were a plus!*



To sum up this section, I presented three Interaction Value Practice to answer my first research question about the social practices in the Airbnb setting. The first Interaction Value Practice is **Complimenting hospitality** which closely relates to the operant resources and their experiential benefits. This value practice includes “Generally complimenting host”, “Complimenting host’s good operation”, and “Complimenting the host being informative”. The second Interaction Value Practice is **Complimenting the physical listing** which associates with the operand resources and their practical benefits. This practice consists of “Complimenting the listing in general”, “Complimenting convenient location”, “Complimenting positive amenities”, “Complimenting public transport being nearby”, “Complimenting the listing being clean”, “Complimenting quiet and relaxing place”, and “Complimenting the place being spacious”. The third Interaction Value Practice is **Referral** which comprises of “Expressing positive experience”, “Recommending the listing to future guests”, “Wishing to stay again”, “Thanking the host”, and “Telling a story about surprising perks and differentiation in the listing”. In the next section, I will present my second set of findings relating to the operant and operand resources.

## 4.2 Operant and operand resources

In this section, I will answer the second research question of this thesis “What are the operant and operand resources that the supply side utilizes to form value with the demand side in Airbnb settings?”. Operant resources are intangible assets such as knowledge and skills, while operand resources are tangible assets such as products, machines, and equipment (Vargo & Lusch, 2004).

### 4.2.1 Operant resources

Undoubtedly, hosts play a critical role in Airbnb setting (Cheng & Jin, 2019). Their operant resources include knowledge about the local neighborhood, good recommendations of where to eat, drink, shopping, clear information and instructions about the listing, as well as host’s operational skills such as managing check-in check-out as smooth as possible, or timely responsiveness to guest’s requests. Furthermore, Airbnb’s hosts’ operant resources also include their warm and smooth welcoming, their willingness to spend time with guests and being accommodating. Hosts’ attention to small details especially in doing small things for guests can go a long way, for example by providing guests an umbrella in a rainy season or keeping quiet when guests want to sleep early.

*I was primarily happy because of the following 3 characteristics: 1) Friendliness and knowledgeability of the host -- Along with my reservation I received very carefully laid out instructions to arrive at Daniel's doorstep and he was right there waiting for me when and where he said he would be*

*Our flight was delayed 12 hours and we were met at 1am at the apartment by David, which was entirely reassuring. We were in touch with Lina during the day regarding our flight delay and apartment check-in times, and replies were pretty much instant. David gave us the rundown of the area which was great, despite it being 1 am*

From my analysis, I identified that many guests praised the host's flexible operations, especially with the check-in and check-out process, which is similar to Cheng & Jin, (2019)'s research. Unquestionably guests will express a positive experience with the hosts when the check-in and check-out process is not only smooth but also flexible. They even told good stories about the check-in check-out process, providing the host more credibility and helping the listing attract more future guests. The focus on the check-in and check-out process in the host's operation could be an extremely good differentiated point over a traditional hotel. By allowing late/early check-in check-out, offering free luggage storage after checking out, or waiting for late check-in guests, Airbnb hosts can easily exceed guests' expectations and make them happy, which in turn will motivate guests to write more positive reviews and provide referrals to future guests.

*We really appreciated how flexible she was with check-in/check-out times. We will definitely stay here again if we travel back to Amsterdam.*

*He even kept our luggage during the day after our check-out.*

*We arrived very late and it was no problem. On our last day, we could leave our bags by Edwin until our flight*

Researchers using automatic text analysis such as Cheng & Jin, (2019) had difficulty to identify genuine guest-host interface which is highly sought-after by the literature. Therefore, the role of the Airbnb host is understood as a facilitator instead of a guest-host

social relationship builder (Cheng & Jin, 2019). By reading the review contents one by one manually and not using machine learning or other big data analysis technique, this research is able to identify the host's role in an authentic tourist-host interaction. A social practice named **"telling a story about surprising perks and differentiation in the listing"** displays vividly how the hosts and the guests co-create surprisingly genuine and memorable experiences.

*Daniel not only has a beautiful apartment, he is a beautiful person and has become a dear friend. Daniel thought of everything from a power converter, hairdryer, space in the fridge, and offered me coffee every morning. Upon my arrival, Daniel gave me a tour of the space and took me on a walk to Primrose Hill to orient me to the neighborhood.*

*All the "little extras" -- Daniel opened a fresh pair of slippers for me upon arrival. He also had a nicely laid out tea/coffee set in the room, 3 different tour books about Amsterdam which helped me plan my days, a plastic map which I could carry throughout the adventures, a bicycle available to rent, a matching set of shampoo/conditioner/lotion in the bathroom, etc... an adapter for my US plugs. Everything was well thought-out and Daniel gave a lot of attention to make sure that the visit was superb.*

*Pedro is a super chill guy! He was insistent that while I was staying at his place that I feel at home and free. We had some great chats and he hooked it up with some ayurvedic medicine when I was feeling sick. I felt much better!*

*Arriving via good directions and Shuttle bus advice I arrived hot and a little daunted by my large suitcase and narrow 2nd floor apartment but no... down came a strapping Pedro who threw the suitcase onto his shoulder and up we went. Laughing all the way. His warm welcome and invitation that I was at home made a lovely arrival.*

Usually, when Airbnb guests tell a story about their positive surprise, their experience of the stay exceeds their expectations. **"Telling a story about surprising perks and differentiation in the listing"** is the way for guests to express their amazed and wonderful feeling about Airbnb host's genuine hospitality and other differentiated values that came

with the Airbnb listing. These distinguished values range from glamorous arts, a nice treat from the hosts such as free rented bikes, breakfasts, or exotic houseboat, to spectacular views that traditional hotels at the same price may not offer.

*Also, the collection of cards for various local businesses was a really nice touch*

*best of all: After a busy day of sightseeing you can recovering very well in the comfortable large bed in Monique's studio. Just wonderful!*

*The bikes provided by Flip makes you feel like a real local. There is a small pier so that the houseboat feels more private and isolated while still being close to the main road and I loved that.*

These favorable points of difference can also be the host's good operational skills such as attention to small details in decoration and hospitality, surprising help offered to guests or knowledge about the neighborhood and conversational skills. Airbnb hosts could concentrate on differentiating their listings and hospitality services from their competitors. However, they should be mindful that distinguished offerings do not equally value (C.Anderson et al., 2002).

The host's communication skills are highly valued by guests. The host can build trust with guests by conveying reliable and clear messages, especially in Airbnb's stranger to stranger transactions (Cheng & Jin, 2019). Especially in the case of a problem, clear and professional communication could recover the lost value or even create more value for future guests.

*He's very straightforward to communicate with and everything went completely smoothly*

*Julien had to cancel my reservation, but this was done 3 months before I arrived, giving me ample time to make alternative arrangements. He was extremely apologetic about having to do so, however, and dealt with the matter very well. A personal apology email was sent to explain the situation, which I very much appreciated*

*Check-in was super easy due to great communication. Edwin is wonderful and will offer many suggestions for meals and sights to see. He is hilarious and will help you in any way you need.*

The host's good operation also includes respect for guest's privacy. Safety and privacy are highly appreciated and complimented by guests. A likely explanation is that traditional hotels already bring a great level of privacy and safety. Therefore, it is a common norm for guests to expect this level wherever they stay in a foreign destination. However, in a stranger to stranger setting like Airbnb or other sharing platforms, guests are still concerned about their privacy (Cheng & Jin, 2019). Hence, by respecting and providing privacy and a safe stay, the host can build up trust and comfort for guests to enjoy.

*Left us to our own devices, respected our privacy but we knew we could count on him if necessary*

*Alex met me on time, helped me get acquainted with space, and then gave me a lot of privacy.*

*He's very considerate of your privacy and makes sure the time he drops off the breakfast works for you.*

It's also worth noticing that in most of the positive reviews, guests always address the hosts by the first name. On the other hand, conventional hotel guests rarely provide the name of the hotel personnel when reviewing the hotel's service. However, they are more likely to use the names of the Airbnb hosts in their reviews, indicating a personal touch and authentic guest-host interaction in Airbnb settings (Cheng & Jin, 2019).

*Edwin is amazing and was clear in his communication and he was very helpful with any questions*

*Nienke made our group feel very welcome and was always on hand to give us information about both her apartment and the surrounding area.*

*Monique is an awesome host. I felt like I was arriving at a friend's house.*

#### 4.2.2 Operand resources

Besides operant resources which are intangible assets, operand resources which are tangible assets are also critical in Airbnb settings, sometimes even more important. Hosts' operand resources are the lodging itself which should be spacious enough, relaxing, and comfortable. The accommodation's location is also in many guests' top priorities when reviewing. Moreover, amenities of the lodging are also critical and should at least meet the basic needs.

Interestingly, because I analyzed the reviews of Airbnb listings in three big modern cities Amsterdam, London, and Barcelona, I did not find many complaints about a lack of basic amenities. In contrast to my finding, Johnson & Neuhofer, (2017) found out that in Jamaican Airbnb homes, traditional hotel amenities such as Wi-Fi, air conditioning, or hot water were not typically provided but highly demanded. Furthermore, Farmaki, Christou, & Saveriades, (2020) discover that Airbnb guests still expect a high level of hospitality quality in Airbnb setting, at least at the same level as traditional hotels. Lack of amenities such as Wi-Fi, or personal items such as hair dryers, or coffee machines, can lead to dissatisfaction in guests (Farmaki et al., 2020).

*The only thing was we heavily relayed on Wi-Fi \_\_33, but the signal was very low and you would only get WiFi in certain areas of the room.*

*Small downsides of the room were the not so very strong wifi connection*

*Towels - not very good towels. Really made showering not much fun.*

*I've slept in many beds. This one wasn't very comfortable. It felt like springs made the bed a bit stiff. Another top cushion would be helpful.*

*Small things like having toilet paper on hand and a clean fridge, which are easily fixed, would have vastly improved our stay.*

Guests confirm that the reality of the listing is at the same level as its description. This practice is important in value co-creation. According to Farmaki et al., (2020)

misinterpretation of Airbnb listing's description can be a problem for both the host and guest. Guests usually read the description of the Airbnb listing in order to understand what they should expect. Guests even suggest Airbnb should have done more quality control to ensure the listing match the description. However, there are also occasions when guests do not examine thoroughly the description and blame the host (Farmaki et al., 2020). In this case, a clarification from the host could recover the value.

*Unfortunately, we have criticisms that potential guests should know. To be fair, like other guests, we didn't read ALL of the print prior to renting, specifically the house rules section, so we overlooked some important facts*

The data of this research indicates that Airbnb guests feel very welcomed and informed when they can read the instructions provided by the hosts. This finding is consistent with that of Cheng & Jin, (2019), who compared Airbnb settings and hotel context. Rarely the hotel guests read or want to read hotel's manuals, while Airbnb guests are more than happy to receive instructions by hosts via a concrete guidebook or through the Airbnb chat platform. It is almost certain that in conventional hotel settings, guests prefer face-to-face interaction when they need to know about some information related to their stay. Yet in Airbnb settings, guests understand the importance of reading and following the rules in a home environment to circumvent any troublesomeness and misunderstanding between guests and hosts (Cheng & Jin, 2019).

*When you reach Daniel's place, be sure that all things are ready to greet you. May it be a meticulously made room or spick & span bathroom or well-thought-of information on "Things To Do" along with relevant maps & transportation schedule to explore the city to the fullest. Nothing misses out from Daniel's radar.*

I discovered that a convenient location is one of the most popular themes in the online review content that I collected. An accommodation is reviewed as having a convenient location when the accommodation is near the center, major tourist attractions, walking distance to public transports that connect to popular destinations, or near minor points of interest such as restaurants, coffee shops, beaches, shopping centers... Some guests also find it is convenient to stay outside of the main tourist sites to avoid the crowdedness but not too far away to be inconvenient and time-consuming to access the center. This finding is also

reported by the discovery of Airbnb guests' motivations (Guttentag et al., 2018). Besides, location is one of the four major topics that are usually emerged within Airbnb online review comments; the other three major topics are amenities, host, and recommendation (Cheng & Jin, 2019).

The location of Airbnb hosts in a local, non-touristy neighborhood but still conveniently located near public transport or within a walking distance to the center or main tourist landscape can have a significant advantage. It is proved that Airbnb guests may seek the “backstage” experience from not only the non-hotel accommodation but also from the neighborhood where the lodging is located (Guttentag et al., 2018).

It is interesting to notice that Airbnb lodgings' practical advantages are reviewed by the guests more than experiential attractions. In my analysis, the code group of complimenting host's operant resources such as good operation or being informative appears less than half compared to the code group of complimenting the listing (host's operand resources) such as convenient location or positive amenities.

*Table 7. Frequency of codes*

	Frequency
<b>Interaction Value Practice 1: Complimenting hospitality (operant resources – experiential benefits)</b>	<b>444</b>
Generally complimenting host	158
Complimenting the host's good operation	188
Complimenting the host being informative	79
<b>Interaction Value Practice 2: Complimenting the physical listing (operand resources – practical benefits)</b>	<b>964</b>
Complimenting the listing in general	122
Complimenting a convenient location	253
Complimenting positive amenities	166
Complimenting public transport being nearby	104
Complimenting the listing being clean	101
Complimenting a quiet and relaxing place	67
Complimenting the place being spacious	52



What is striking about the figures in this table is that they reflect Guttentag et al. (2018)'s research. Guttentag et al. (2018) argue that experiential appeals are secondary while practical elements are more important. As noted by Guttentag et al. (2018), this result challenges the idealistic illustration of the sharing economy as an appealing experience. Nevertheless, it also reveals that the sharing economy has creatively created extraordinarily down-to-earth, desired, and practical values. It is worth to notice that the marketing focus on Airbnb's experiential advantages such as novelty, local, and authenticity can hide the more important motivations such as amenities and cost savings. Airbnb lately concentrates on advertising "feel like home", "belonged anywhere", "get out and stretch your imagination" which clearly shows the company's exclusive objective on the experiential side and local interaction. There is not much mention of low cost or practically high-value amenities. Because Airbnb builds its brand to be "hip and exciting", the experiential benefits are more highlighted than household amenities (Guttentag et al., 2018). However from my analysis, some guests even told how a practical benefit can be a main focal point of the stay, or even recover value from negative and incongruent social practice between guests and hosts.

*So in the end, we felt that our experience was ok, as the saving grace was the spectacular view.*

However, it is still worth to highlight that since the beginning, Airbnb had a shortage of demand because the platform did not have yet high service quality, staff experience, strong brand recognition, and safety; nonetheless, disruptive services like Airbnb could offer differentiated benefits and also be significantly cheaper than traditional services (Guttentag, 2015). Guttentag (2015) argues that a majority of guests consider cost as a major feature in accommodation choices. Most Airbnb hosts have already covered fixed costs, had a very minimum labor cost, and normally don't charge taxes. Therefore Airbnb accommodation cost is significantly more attractive than traditional hotels (Guttentag, 2015).

### **4.3 Value formations and their important social practices**

The most important social practices that guests can use to co-create value is expressing their positive experience after the stay and recommending the listing to future guests.

As discussed above, Airbnb reviews are polarized in positivity bias (Cheng & Jin, 2019). From my analysis, I discover that value co-creation is a dominant theme in value formation. It is quite challenging to identify other types of value formation and their significant impact. However, some comments are negative and could bring a different perspective on the guest-host interaction and relationship in the Airbnb platform. First, I will present some of the most important social practices that lead to positive value co-creation. Then I will follow up with the minor value formation such as value co-destruction.

#### 4.3.1 Value co-creation

One of the most salient results emerging from the data is that “expressing positive experience” is a prominent Element of Social Practice in guests’ reviews. This Element of Social Practice appears 190 times, one of the highest frequent codes. This Element of Social Practice is strongly building up toward listing referral, drive more future guests to the listings, and create a snowball/network effect. The more positive reviews, the higher chance the listing can be up to the top search, which then increases the likelihood for the listing to receive even more positive reviews, given that the listing and the host can maintain at least the same and consistent quality of service.

According to Mao & Lyu (2017), guests’ attitudes and subjective norms are critical determinants of Airbnb reuse intention. Guest’s attitude in Airbnb settings is defined by Mao & Lyu (2017) as a good, favorable, wise, and positive attitude toward using Airbnb when traveling. Besides, guests’ subjective norm is described as “people whose opinions I value would prefer that I use Airbnb when traveling”. Mao & Lyu (2017) also found out that Airbnb guests enjoy the value acquired from good prices and a more personalized service quality compared to using traditional hotel service. With my analysis, good value based on money is one common theme in Airbnb online review content. But the more salient theme is the personalized and unique experience that the guests receive. Mao & Lyu (2017) also discovered similar insight. Unique experience expectation including unique lodging experience, a feeling of home, and the authenticity of travel experience, as Mao & Lyu (2017) defined, has a strong influence on guests repurchase intention. If after the stay Airbnb guests can confirm that they receive unique, enriched, and engaging experiences, they are more likely to have a positive attitude, which may eventually drive repurchase intention (Mao & Lyu, 2017). Nonetheless, it is worth to highlight that expressing positive experience

as a social practice can be influenced and polarized. In Airbnb settings, guests' experience can be more biased and more unpredictable than that in traditional hotel settings (Cheng & Jin, 2019).

Other imperative Elements of Social Practice that can lead to strong value co-creation are “recommending the listing to future guests”, “thanking the host”, and “wishing to stay again”. Altogether they occur 279 times. These Elements of Social Practices directly prove that the listing is worth to be chosen. It has been suggested that Electronic Word of Mouth or Online Reviews has an important impact on guest's intention to reuse Airbnb, especially when the available information is limited, guests tend to make decisions based on previous guests' purchase action and imitate their actions (Mao & Lyu, 2017). Thus, after expressing a positive experience, the most valuable social practice that guests can use to form a value with the host is to provide a positive review and especially positive recommendation in form of thanking the host, recommending the host and the accommodation, and wishing to stay again.

Mao & Lyu (2017) also indicates that Airbnb guests' online reviews can be a significant and trustworthy source of information to affect future guests' subjective norms. Not only guests' online reviews can bring more guests to the host accommodation but also the electronic word of mouth can increase Airbnb platform adoption and reuse. It is also worth noticing that when the guest provides a recommendation, thank you note, and/or wish to stay again, the host will likely receive a high online review score. The higher the score, the better and more successful the individual hosts can be in terms of score-based ranking and user selection, thus hosts should definitively prevent or mitigate negative reviews with service recovery while encouraging positive reviews by providing excellent and memorable service and experience (Mao & Lyu, 2017).

In my framework, recommending, thanking, and wishing to stay again are the three Elements of Social Practice that Airbnb guests draw on to express their positive feelings toward the hosts and the accommodation. More importantly, the three Elements of Social Practice are used as an outcome of other social practices such as “generally complimenting hosts”. This finding is resonated with Cheng & Jin, (2019)'s research in which the authors proved that “location” and “host” had substantial impacts on Airbnb guest's recommendations. To receive a good recommendation, the hosts should be not only friendly

but also helpful and responsive. Likewise, the accommodation should have a homely feeling, with a nice bed, water, bathroom, and other amenities. Furthermore, the location should be conveniently nearby public transport, the city center, beach, and shopping (Cheng & Jin, 2019). Cheng & Jin, (2019) additionally advise that guests' positive experience will likely lead to a good recommendation of the listing. Building up from the body of literature, I strongly believe that when both operand resources such as the host's knowledge, operational and hospitality skills, and operand resources such as the location, amenities, neighborhood, are positively provided, Airbnb guests will be more likely to experience great memory before, during, and after their stays, which in turn will motivate Airbnb guests to give more reviews and recommendations. A reinforcement loop like this will generate a win-win-win situation for the hosts, guests, and the Airbnb platform.

#### 4.3.2 Value co-destruction

Although value co-creation is salient in the Airbnb setting, there are occasions that value co-destruction happens. I classified those negative events into two categories. The first one is a disappointment due to incongruent social interaction between hosts and guests. The second classification is an unfulfilled need due to a lack of physical listing benefits.

In this review, the guests expected an authentic, friendly, and welcoming interaction from the host. However, their expectation was not fulfilled due to a mismatch of social practice.

*Overall, I would not rate this place for hosting skills to enhance your experience when visiting Amsterdam as we found it very transactional and impersonal and as if we were a burden*

*Alex also wasn't there when we checked out, and he never answered the text message we sent when we left. Therefore we had to assume everything was okay.*

In this review below, there was no preparation from the host's side. A lack of operational skills could create negative experiences for the guests. In consequence, the guests then provide a bad review, causing value co-destruction by both sides.

*The female who checked us in had no idea on how to check someone in! We literally stood in the apartment for 30 minutes and decided to leave.*

The next two reviews show that a lack of authentic interaction can turn into value co-destruction particularly when a negative event happens. It is getting common that sometimes a third party will represent the host and take care of the check-in check-out process, and/or the whole stay experience of the guests. A lack of time spending with the host is a disappointment especially when the guests expect otherwise (Camilleri & Neuhofer, 2017). Furthermore, unclear instruction and misunderstanding between both sides can co-destroy the value and cause negative experiences for not only the guests but also the hosts.

*Communication on arrival was a little bit difficult: the guy that answered the phone hung up on us the first 2 times we called. I don't know if 'Lina y Marina' exist, this apartment is rented by a company Barcelona apartment. This is the only disappointment: it's not clear from the advertisement that this is a company.*

*I made my booking through Vicky who isn't the actual host of the Apartment. I write to her before my booking that we are family with two kids at the age of 3.5 and 1.5 and she confirmed the booking. When we arrived at the apartment the real host Galina was very angry that we have children, and told us that they didn't accept children under 10years*

Moreover, in these following reviews, it seems that the hosts failed to manage expectations, either accidentally or intentionally. The hosts could wrongfully describe the listing and attract naïve guests.

*Please stay away! Looks nothing like in the pictures!! We contacted the host to ask for a refund which was declined! He stated that people love his apartment and there are no grounds for a refund!*

*The apartment is cold and disgusting! The sofa bed had major stains. The bathroom tub and sink was yellow in color. The kitchen had none of the items listed to use. It was a very unsafe looking apartment!!*

However, the guests' perception of practical benefits can also destroy value. For example, one review identified unfulfilled needs that could not be solved by the host. In other words, there is no failure from the host's side.

*I've slept in many beds. This one wasn't very comfortable. It felt like springs made the bed a bit stiff. Another top cushion would be helpful. A big pain point was the hot water. Getting it to work was like solving one of Da Vinci's riddles.*

This finding is different from recent research hypothesizing that value co-destruction happens mostly due to accidental negligence and could have been circumvented if the host becomes more caring (Camilleri & Neuhofer, 2017). Obviously, the guests may have certain requests that the hosts cannot solve.

#### 4.3.3 Value co-recovery

It appears that value co-recovery exists after a value is co-destroyed because the whole experience should be examined and understood through the entirety of collected social practices (Camilleri & Neuhofer, 2017). In the following review, it can be seen clearly that the host can lessen and recover lost value by offering the guest appropriate practices and responses. A clear explanation and genuine reaction can recover the problems. Besides, multiple solutions such as offering discounts and compensations, and improving operand resources after negative review are likely to recover the guest's value (Camilleri & Neuhofer, 2017).

*Julien had to cancel my reservation, but this was done 3 months before I arrived, giving me ample time to make alternative arrangements. He was extremely apologetic about having to do so, however, and dealt with the matter very well. A personal apology email was sent to explain the situation, which I very much appreciated. Although bookings in advance is a good general rule to follow for us travelers, we all have plans that may change and should understand if the hosts had to too (if it is not too short a notice!). I can understand why Julien had to make that cancellation and more importantly, I am pleased with his professionalism and sincerity after having to make the decision. Going by the other reviews, it seems that Julien has consistently delivered the goods. If I had a second chance to visit Amsterdam, I will approach Julien again!*

By offering a genuine and clear explanation, this host can not only recover the value but also motivate the guest to co-create more value. The guest is willing to give a good positive review and build more credibility for the host.

In addition to the host's skills, the listing's physical benefits can also act as a value co-recoverer (Camilleri & Neuhofer, 2017). In this review, the value was co-destroyed by incongruent social interaction practices between host and guest, and then the value was recovered by pleasant and enjoyable operand resources.

*While I could understand us being late would be annoying for him, this was not a very nice response. However, once we did get there, we really enjoyed our stay at the apartment! The bedroom was big, the bed was super comfortable, and the place was very clean. It was in a great location-central, with a tram station right outside if needed.*

*Overall I would not rate this place for hosting skills to enhance your experience when visiting Amsterdam as we found it very transactional and impersonal and as if we were a burden however the room itself is perfectly pleasant and good if you just looking for a place to stay.*

On the other hand, one operand resource can cause inconvenience while other resources can still act as a value co-recoverer.

*The wifi didn't work very well, but the rest of the apartment made up for it*

*But again, these issues are offset by the fact that the apartment is large, well decorated, has everything you need including laundry and wifi and the location is wonderful*

#### 4.3.4 Value co-reducing

Value co-reducing occurs after a series of positive value co-creation. The guests can still face problems, issues, or inconvenience during their stay, especially with operand resources.

*The only downsides to the apartment were as follows: Can be slightly noisy at night with the windows open, close them and you can't hear a thing. The stairs are a bit hard to climb up but this is a standard in Amsterdam and not unexpected.*

It is also interesting to point out that in my analysis of Airbnb listings in Amsterdam, there is a noticeable cultural aspect in the old residential housing. Many guests complained about the steep and narrow staircase and warned future guests. It seems that even though the host doesn't cause this inconvenience, guests still have some level of expectation that the host should correct the inconvenience (Camilleri & Neuhofer, 2017). One suggestion is to inform the guests beforehand, for example in the listing description.

*The stairs are very steep. Not a hindrance to most people but should probably be noted.*

*be aware that there are steep, narrow steps from the road up one flight to the front door, which may not be suitable for some.*

*again for anyone considering this Airbnb should be aware the stairs are spiraling, narrow and steep*

*the stairs are very steep! I am not sure it would be a wise choice for older people (or very young children)*

However, several guests understand the cultural difference in the destination, and they are more likely to accept the inconvenience.

*The stairs are a bit hard to climb up, but this is a standard in Amsterdam and not unexpected.*

*As noted in other reviews, the stairs going up to the apartment and in the apartment are typical of historic European buildings - narrow and steep. Elderly travelers with mobility challenges might want to take this under consideration.*

*Bathroom a little tight but not a problem. Just not what Americans have at home*



To sum up, this section presents how value is formed in the Airbnb settings and the dominant social practices within each value formation. First as mentioned before, positivity bias is very strong in the reviews. Value co-creation is obviously the most dominant theme. Usually, listing recommendations are the most trustworthy information source in many peer-to-peer platforms. In the Airbnb context, I noticed a reinforcement loop starting from the operant and operand resources. The resources are integrated by the guests and the hosts to co-create value and experience within the context, and then the guest will provide recommendations to close that loop. Value co-creation happens when the social practices between the guests and the hosts are congruent. However, after a high level of congruency, the value can still be co-reducing if social practices become mismatching.

On the other hand, value co-destruction happens when the social interaction between the hosts and the guests is mismatched or if the practical benefits are not fulfilled. After value co-destruction, the value can be co-recovered by congruent social practices. The hosts can recover lost value by offering appropriate practices and responses to the guests, for example giving a clear explanation, showing a genuine reaction, offering discounts and compensations, or improving the accommodation based on the guests' feedback. It is also worth to notice that in some cases, the value is co-destroyed by incongruent social practices but is co-recovered by pleasant and enjoyable operand resources such as convenient location, affordable price, or comfortable beds.

In the next chapter, I will present my theoretical and practical contributions. Also, I will provide several limitations in this thesis work, and then conclude the thesis with some future research directions that I deem interesting.

## 5 Conclusions

In this chapter, I will present my contribution to the academic body by proposing a new framework for value formation in Airbnb settings. This framework is built upon two theoretical frameworks and I will provide my reasons for the modifications. After that, I will propose several managerial suggestions to the Airbnb platform. I hope that my recommendations could strengthen Airbnb's leading position in its market. I also give my opinion about how traditional hotels can apply this thesis's findings to improve their competitive advantages. Finally, I will present the limitations of this thesis work as well as several research directions for researchers who are interested in this topic.

### 5.1 Theoretical implications

Because of the widespread of the sharing economy and related phenomena, there are more and more academic studies conducted to understand sharing platforms as a game-changer and understand their ramifications for the global hospitality and tourism industry (Johnson & Neuhofer, 2017). Adding to Johnson & Neuhofer, (2017)'s findings, the findings of this thesis describe many necessary operant and operand resources and verify that resources need to be integrated into the value formation process. In the experience economy era, value indeed cannot be pre-packaged or offered before the service encounter; in fact, the service providers can only offer value propositions through operant and operand resources as well as interactional social practices (Johnson & Neuhofer, 2017; Vargo & Lusch, 2008). Furthermore, different from Johnson & Neuhofer, (2017)'s claim that there is a high demand for authentic and "feel like a local" experience, my analysis implies that Airbnb guests in big and modern cities do not usually express this type of demand at a great level.

Another significant theoretical implication of this thesis work is to fill the gap in recent studies on the same topic but in different geographical locations (Johnson & Neuhofer, 2017; Camilleri & Neuhofer, 2017b). This thesis also evaluates the applicability of several established theoretical frameworks (Johnson & Neuhofer, 2017; Camilleri & Neuhofer, 2017).

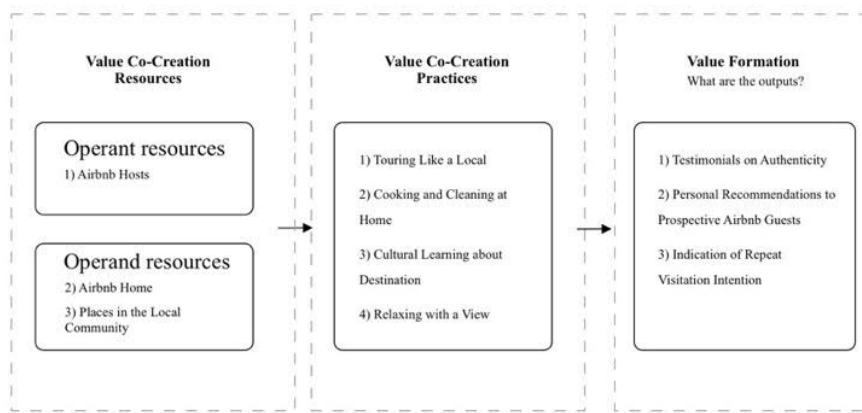


Figure 11. The theoretical framework: value co-creation in Airbnb context (Johnson & Neuhofer, 2017)

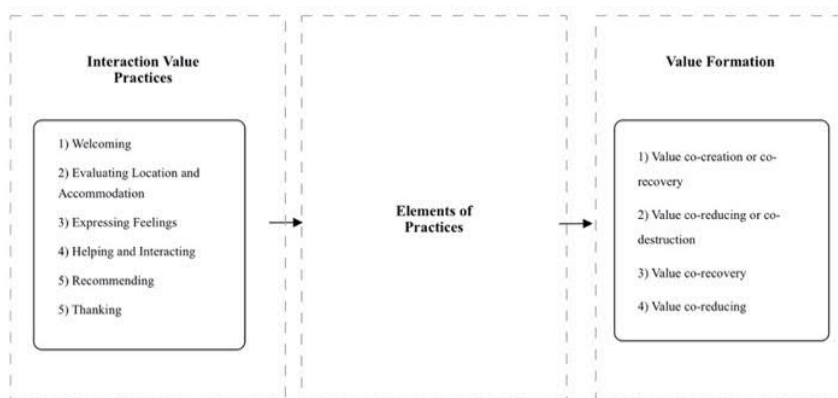


Figure 12. The theoretical framework of Airbnb value co-creation practices and value formation (Camilleri & Neuhofer, 2017b)

Similar to Camilleri & Neuhofer (2017)'s framework, this thesis presents two classifications: the main classification is "Interaction Value Practices" and under it is a sub-classification named "Elements of Practices". Camilleri & Neuhofer (2017) identified 6 dominant social theoretical practices, Johnson & Neuhofer (2017) on the other hand discovered 4 social practices. In my thesis, I generalize into three salient social practices: (1) Complimenting hospitality, (2) Complimenting the physical listing, and (3) Referral. The first salient social practice, "complimenting hospitality" is connected with the host's operant, intangible resources. The second Interaction Value Practice is associated with the host's operand, tangible resources. The third Interaction Value Practice is used by the guests to demonstrate their support and interest in the listing. Johnson & Neuhofer (2017) considered this Interaction Value Practice, "Referral" as the outcomes of the value co-creation. The authors suggested that "Referral" happened as the result of integrating operant and operand

resources through a set of social practices. “Referral” as Johnson & Neuhofer (2017) described includes “Testimonials on Authenticity”, “Personal Recommendation to Prospective Airbnb Guests”, and “Indication of Repeat Visitation Intention”. Nonetheless, I propose that “Referral” should be considered as one Interaction Value Practice. There are several cases when Referral doesn’t happen, but the value is still co-created by the other two practices. Thus, a referral is not necessarily an outcome. The outcome and the true value co-created should be a positive experience for the hosts and the guests as well as an actual reservation and visit of prospective Airbnb guests. Referral should not be an ultimate outcome, it is rather mean to an end.

Therefore, I want to propose a framework regarding value formation in Airbnb settings. There are three main components of the framework: Resources as Inputs, Resources Utilization, and Value Formation. The first component “Resources as Inputs” consist of operant and operand resources. The lack of one or another will reduce the likelihood of value co-creation. In the Airbnb Settings, operant resources include but are not limited to the Airbnb hosts’ knowledge, information, instructions, check-in check-out management, timely responsiveness, welcoming, willingness to spend time with guests, accommodating, attention to small details. On the other hand, operand resources consist of lodging characteristics, amenities, and location. Guests prefer spacious, clean, and comfortable lodgings with basic and/or advanced amenities such as Wi-Fi, towels, hairdryers, coffee machines. The accommodation should also have a convenient location: near a major Point of Interests, near the destination center, or at least a good connection with public transport.

Next, the second component is “Resources Utilization”. It denotes how the operant and operand resources that the Airbnb hosts provide can be utilized and processed to form value. The key element in this second component is Interaction Value Practices. The Airbnb hosts and guests need to interact with each other and then form value through the interaction. The three major Interaction Value Practices are “Complimenting hospitality”, “Complimenting the physical listing”, and “Referral”. It is worth noting that in the Airbnb Settings, positivity bias is strong. The Interaction Value Practices are made of Elements of Practices and depend on the congruency level, the value will be formed through the hosts and the guests’ interaction. The third component is “Value Formation”. Value is co-created if all the practices are matching and satisfactory. Value is co-destroyed if the social practices are mismatching and confusing. After the value is created, it can still be reduced if the practices become incompatible. On the other hand, after the value is destroyed, it can still be

recovered if the practices become congruent. Under the three main components, there are external factors such as the Airbnb Settings and other cultural aspects. As explained before, a different location has a different setting as well as cultural aspects and expectations. In a modern and busy city, the guests may seek different values than in a rural and quiet destination. Below is the Value Framework in the Airbnb Settings.

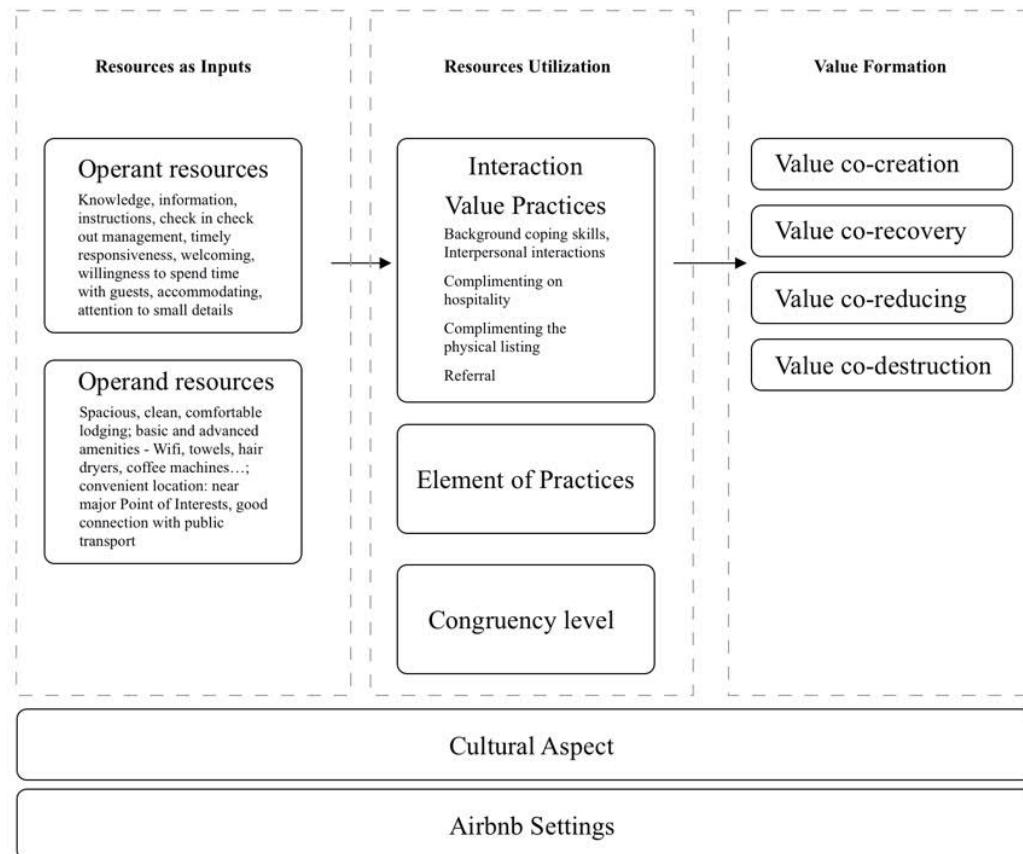


Figure 13. The Value Framework in the Airbnb Settings

## 5.2 Practical implications

In this section, from the data analysis, I will recommend several strategic managerial implications that can be implemented by the Airbnb hosts, the Airbnb platform, and other sharing economy agents.

First and foremost, the results of this study demonstrate that there is no higher intrinsic value within the Airbnb accommodations compared to traditional hotels and lodgings, instead, it is the integration of operand and operant resources with social interaction practices

to create differentiated values that conventional hotels haven't yet produced (Vargo & Lusch, 2008; Camilleri & Neuhofer, 2017). Therefore, it is recommended that the Airbnb platform should take into consideration the identified Social Interaction Practices and their Elements of Social Practices. Undoubtedly the Airbnb platform should facilitate hosts' willingness to present and interact genuinely with guests because the host's operant resources are highly valuable from guest's perception. It is noticeable that there are more and more third-party professional housing managers that take care of the housing. Although it is not a bad indicator, the Airbnb platform should be careful not to let this phenomenon reduce the opportunity to build authentic relationships and interactions between guests and hosts.

In the second place, in addition to the research by Camilleri & Neuhofer (2017), this study presents several motivational factors and selection criteria for the Airbnb guests when they search and choose an Airbnb accommodation. For example, a convenient location with a fair price is one of the top priorities that the guests reviewed as well as actively looked for. As a result, it is highly suggested that the Airbnb platform should provide good platform governance to balance practical benefits and experiential advantages.

In the third place, according to Breiger (2000)'s theory, culture is able to shape human action by influencing a repertoire or a "tool kit" of routinized and habitual actions, skills and styles which individuals draw on to build their strategies of action. As a result, Airbnb can implement some of this thesis's findings to influence the ways that the Airbnb guests and hosts interact, thus maximize the likelihood of positive value formation and reduce the possibility of negative value formation. For instance, the Airbnb platform can facilitate better social interactional practices from its hosts and guests by encouraging the guests to provide reviews with both extrinsic and intrinsic rewards, motivating the hosts to offer a more personalized touch, to meet face to face with the guests more often, and reducing the uncertain effect of third-party housing management. An Airbnb host of a low demand listing can also create more attractive value propositions by adapting their offer to meet special demands, writing in clear and appealing listing's description as well as facilitating more face to face interaction during the stays (Johnson & Neuhofer, 2017).

In the fourth place, the Airbnb platform should also concentrate on building a solid system to help their hosts recover value in case a value is co-destroyed. It is absolutely

beneficial for the Airbnb hosts to have clear instruction to solve operational related issues as well as incongruent social practices such as late check-in/check-out or misunderstanding in housing appliances usage. It is also fairly valuable for the hosts to receive support from the Airbnb platform to write a better listing description to manage the guests' expectations. A slightly far-fetched suggestion is to provide an Artificial Intelligence system to monitor the reviews and suggest changes in the listing's description on time. This preventive system can be expanded to cure the value co-destruction scenario and provide more opportunities for both the Airbnb guests and hosts to recover value co-destroyed.

In the fifth place, the Airbnb platform could also consider providing more information about nearby public transport. This information should be listed as a necessary item in all Airbnb listing's description, especially in metropolitan destinations. A desired feature could be an automated information system to tell the guests how to get to major attractions from the listing via public transport as well as the duration it takes. Many guests already reviewed the listing's nearby public transit, which presents the likelihood of a highly demanded feature. Although the Airbnb platform already has a public transit feature, it is still difficult to know the duration from the house to major Points of Interest.

#### Location

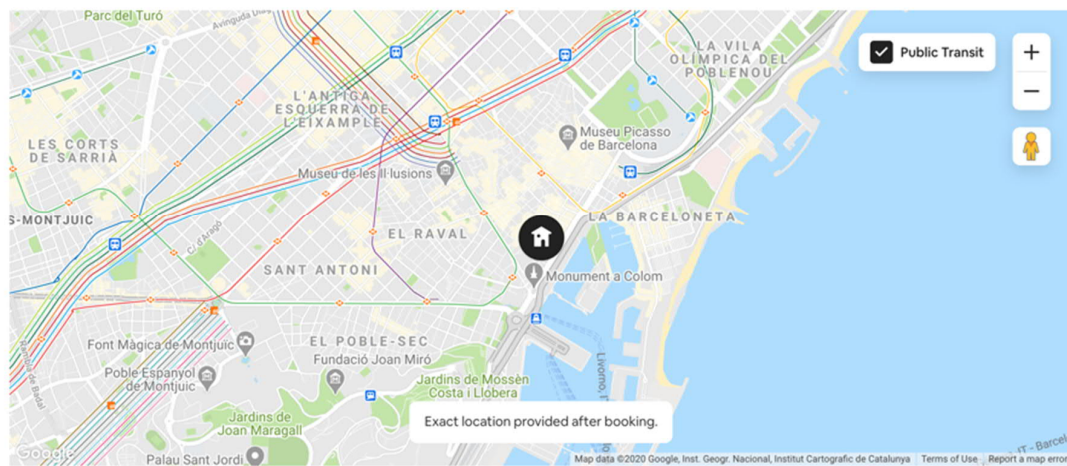


Figure 14. Screenshot from the Airbnb website

Last but not least, besides Airbnb, traditional hotels can also apply certain findings from this research. For example, this thesis proves that convenient location is significantly more valuable than other practical or experiential benefits in metropolitan areas. This factor

contributes to the guests' perception of "good monetary benefit", especially when the guests compare Airbnb listings to traditional expensive hotels in a central area. Therefore, conventional hotels in central locations can compete with sharing accommodation by making new business models to reduce the price, such as a shared hotel room, while providing more personal and authentic experiences with visitors.

### **5.3 Limitations and future research**

It should be highlighted that there is one major limitation in the data that I collected. The data only comes from three cities in three different countries: Amsterdam, London, and Barcelona. Therefore, the findings from this thesis might not be applicable to different geographic locations. Also due to the resource limitation of this research, it is unrealistic to take into consideration the geographic factor by analyzing more locations. The review content is likely to be affected by cultural factors. Nonetheless, Amsterdam, London, and Barcelona are one of the biggest and most attractive destinations for tourists. I believe this could be advantageous to identify more prominent patterns compared to smaller cities.

From my analysis, positive value formation is very dominant. It is worth to recommend future research to focus solely on negative value formation. Dedicated studies should be conducted on exploring how value could be co-destroyed or co-reducing and bringing more illustrations on these types of value formation. Besides, my data came from big modern cities, thus it is interesting to study Airbnb online content reviews in smaller and less "touristy" destinations. In addition, applying this thesis's methodology and results to analyze other sharing economy platforms such as ride-hailing could create more perspectives and interesting insights.



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